MANCHURIA

A Survey

ADACHI KINNOSUKE

Property of
WOODROW WILSON HUT
Wilmington, N. C.

Digitized by the Internet Archive
in 2023 with funding from
Kahle/Austin Foundation

https://archive.org/details/manchuriasurvey0000adac

MANCHURIA

The General's Autograph *Inscription to the Author*

MARSHAL CHANG TSAOLIN, SUPER-TUCHUN OF MANCHURIA

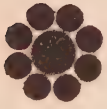
MANCHURIA

A Survey

BY

ADACHI KINNOSUKE

Author, *"Iroka: Tales of Japan," "A Cadet at the Battle of the Yalu,"* etc.



ROBERT M. McBRIDE & COMPANY

NEW YORK :: :: :: :: :: :: 1925

WILLIAM MADISON RANDALL LIBRARY UNC AT WILMINGTON

COPYRIGHT, 1925, BY ADACHI KINNOSUKE

Printed in the U. S. A.

Published, 1925

FOREWORD

THIS is a story of what Manchuria has and what she is making of it,—a story of her crops, her mines and of her forest wealth.

It is also a story of what all these mean to Nippon.

It is not an Economic History of Manchuria: it tries to have as little as possible to do with a mere record of dead facts. The book's aspirations are rather immodest, in fact—even heroic. It addresses itself to the task of stopping America to see Manchuria as she is—a big enough job even for the prophet who once commanded the sun to stand still.

With the general run of our American Readers, Manchuria is a name pasted on that jumping-off edge of the world somewhere in the outer darkness of their school geography—a mere label, some 10,000 miles below their mental horizon. Knowing that, and without apology, without ceremony, this book essays to make Manchuria as intimate to our American friends as a Philadelphia-made locomotive or Milwaukee steam shovels, which, indeed, happen to be writing the present-day history of Manchurian industry out there.

Funshun and Anshan are quite as American as

Pittsburgh or a coal field of Illinois in their methods and mechanical equipments. This is quite as true as that a few steps from these coal mines and steel plants one will find the Chou Dynasty (born 1122 B.C.) a reality, alive and kicking. For in Manchuria the Twentieth Century walks arm in arm with the days of Noah. Along the side of the Through Express of the South Manchuria Railway—made up of the same American Pullman sleepers as the "Broadway Limited"—creaks a wheelbarrow which has not lost a single one of the classic lines, old when Confucius was a baby. All of which means that Industrial Manchuria is, this very day, clearing in a single jump more than two thousand years. It is a huge industrial laboratory in which the old and the new, the oriental and the occidental experiences and experiments, are being tested out in a feverish rush. It is not a melting pot of races but a crucible of economic theories.

There is another thing of interest about Manchuria:

The question of WAR or PEACE for Japan will be settled—not in Japan nor on the Pacific, as some of the navy people on both shores of that ocean dearly love to believe. But in Manchuria. The question of FOOD for Japan is being settled there to a considerable extent. And the question of FOOD is one of the aliases of the question of WAR or PEACE. This must be of some interest to the people of America, where every time money is needed for a warship the propagandists feel it a moral duty to drag forth the overworked ghost of a Japanese menace.

In the past Japan has known Manchuria as a bat-

tlefield. She has fought over it twice—against China in 1894 and against Russia in 1904. She is about to find there the source of life and of national peace. For of all the thousand troubles Japan has, two are serious: The lack of FOOD and the lack of vital raw materials, such as iron and oil. And Manchuria seems to be the answer,—to a large extent.

Then there is still another thing:

Last year in my wanderings up and down the Homeland of the Sun, I saw that the only path of salvation for our dearly beloved Nippon lay through the industrialization of the country. Over every section of the Island Empire I saw industrialization going on feverishly, aggressively. It was no easy job all the same: every inch of the old country is encrusted with the vested interests of centuries. In Manchuria, building over the wreck of the Russian Dream, all is different. It affords an experimental ground for the Japanese which is hard to beat. At Dairen the Japanese have built a port and a city more modern, more sanitary, with better-built houses and better-paved streets than anything they have at home. In Manchuria, not in Japan, the Japanese brought into existence the South Manchuria Railway Company, absolutely the biggest Japanese company ever organized.

It should not surprise anyone to hear that the future captains of Japanese industries are coming out of Manchuria.

In the preparation of this book, I have helped myself freely to various data given in countless books, magazines, and other publications on Manchuria,

too many to mention here. I wish to make my grateful acknowledgment for all of them. I am particularly indebted to that huge "mixed-storage warehouse" of information on Manchuria in seven fat volumes, called *Man-Mo Zensho,* and also to Hon. John V. A. MacMurray from whose valuable work, the entire text of the treaties and agreements with and concerning China in the appendices to this book has been reprinted by his kindly permission.

ADACHI KINNOSUKE.

TABLE OF CONTENTS

CHAPTER I.

Into Manchuria:

From Chosen into Manchuria—First View of the Yalu—Timber Rafts on the Yalu—The Yalu River Described—The Yalu Bridge—Antung, the City and Port—Antung, Manchuria in Little—Chief Commodities Handled by the City—Soya Bean—Tussah or Wild Silk—Lumber—Sino-Japanese Joint Enterprises—Sino-Japanese Co-operation—Trip Over the Old Battlefields—Where Kuroki's Men Fought—Antung-Mukden Line Originally a Light Military Railway—Yabakei of Manchuria—Through the Changpai Range—Fifty-five Miles of Fairy Land—Out into the Taitse Valley . . . . . *page* 1

CHAPTER II.

The Land:

Boundaries—Physical Complexions—Mountain Ranges—North and South Manchuria—Geographical Details—No Scientific Surveys—Area—Rivers—The Amur, the Sungari, the Yalu, the Liao—Port of Yingkou—River Basins—The Central Plain—Valley of the Nonni—The Sungari Plain—Coast Line—Forests—Timber—Climatic Conditions . . . . . *page* 11

CHAPTER III.

The People:

The Tungus—The Kaoli and Fuyu States—Kingdom of Pohai—Kingdom of Kin—The Kin Master of Peking—The Mongol Empire of Kublai Khan—Nuncheng—Coming of Nuerhachih—His Foreign Policy—Conquest of China—Founding of the Taching Dynasty—Manchuria Under the Taching Dynasty—Exclusion Policy of the Manchu Dynasty—How the Chinese Farmer Immigrants Conquered Manchuria—Troubles of Manchu Bannermen—Colonizing Manchuria with Bannermen—Failure with All the Governmental Subsidies and Assistance—Chinese Merchants Follow in the Steps of the Coolie—Manchuria Officially Opened to Chinese Immigration—Victory of the Chinese Farmer Coolies Complete . . . . . *page* 26

CHAPTER IV.

Coming of the Russian:

China's First Contact with a European Power—Treaty of Aigun—Looting of Peking by the Allies in 1860—The Treaty of Peking and the Gift of the Maritime Province—The Cassini Convention—The Russo-Chinese Treaty of Alliance of 1896—Concession for Building the Chinese Eastern Railway Through North Manchuria—Its Significance to the People of the Far East—Russian Silence over the German Seizure of Kiaochou—The Lease of the Liaotung Peninsula—Building of the South Manchuria Railway—Founding of the City of Harbin—Boxer Trouble of 1900—British Hands Tied—Russian Promise of Evacuating Manchuria—Passing of Russia from South Manchuria—City of Harbin—Harbin an Industrial Center—Russian Work in Port Arthur and Dalny . . . . . *page* 48

CHAPTER V.

Enter Japan:

Historic Relations Between Manchuria and Japan—Sino-Japanese War—Russo-Japanese War—Harriman and the Manchurian Railways—Japanese Traders' Entry into Manchuria—Kwantung Government-General and the South Manchuria Railway—Railway Zone Favored by Chinese Merchants—Change in the Russo-Japanese Relations in Manchuria—Change in the Russian Policy in Manchuria—Great Britain and Japan in Manchuria—Do the Japanese Close the Open Door in Manchuria?—Standard Oil Company's Concession Cited—America and Japan in Manchuria—Secretary Knox's Plan for the "Neutralization" of the Manchurian Railways—Count Komura's Reply to It—Twenty-one Demands—Anti-Japanese Propagandists Capitalize It—Inside Story of the Twenty-one Demands—New Four Power Loan Consortium and Manchuria—Manchurian Railways Built with Japanese Loans . . . . . *page* 74

CHAPTER VI.

The South Manchuria Railway:

Seven Hundred Mile American Show Window in Manchuria—Railway Empire Builder—Magnitude of the Company—Investments in Railways—Its Mining Operations—Building Dairen and Its Port Facilities—As Builder of Cities—S. M. R. More Than a Railway Company—Looking After Public Health of the Zone—Supplying Gas and Electricity—Iron and Steel Works—Its Hotels—Research Work of the S. M. R. . . . . *page* 114

CHAPTER VII.

Agriculture:

Farm Lands in Manchuria—Chinese Farmer Colonists—Character of Farmers—Size of Manchurian Farms—Obstacles Against Large

Scale Farming in Manchuria—Soil Character—Farming Methods—Farm Labor—Life Conditions of the Farmer—Crops—Soya Beans—Kaoliang—Millet—Corn—Wheat—Barley—Lesser Crops—Fruit Trees and Orchards . . . . . *page* 140

CHAPTER VIII.

Animals and Animal Products

Stock-farming—Manchurian and Mongolian Ponies—Sheep—Cattle—Dogs—Manchurian Wool—Furs—Tussah or Wild Silk . . *page* 179

CHAPTER IX.

Forestry and Forest Products:

Forest Areas—Great and Little Khingans—Yalu Basin—Changpai Ranges—Sansing District—Estimated Forest Wealth—Trees—Early Logging Methods—Russian Activity in Yalu Lumber Business—Kirin Forests—Destructive Logging Methods—Tsar's Interest in the Yalu Lumber—Formation of Large Lumber Companies . . . *page* 187

CHAPTER X.

Mining and Mineral Wealth:

Gold in Manchuria—Moho Gold Field—Gold Fields in Kirin Province—Coal Mines—Fushun—Yentai—Penhsihu—Dalainor—Iron Mines—Anshan—Miaoerhshan—Other Minerals—Oil from Shales *page* 200

CHAPTER XI.

Manufacturing Industries and Their Products:

Bean-oil Mills—Yufang—Old Fashioned Yufang and Its Methods—Coming of Modern Oil Mills—Chemical Extraction Method—Flour Milling—Harbin the Center of Flour Mills—Effect of Russian Policy on Harbin Mills—Chinese in Milling Business—Distilleries—Salt Manufacturing—Other Industries . . . . . *page* 221

CHAPTER XII.

Trade Routes and Transportation:

The Liao River—Its Value as a Trade Route—Only Route Open to South Manchuria and Mongolia—No Roads in Summer Months—Type of Junks—Yingkou in the Early Days—Its Trade in 1899—Bean and Bean Oil Trade of Yingkou—Yingkou of To-day—The Yalu Route—Its Handicaps as a Trade Route—Only Means of Transportation in Eastern Manchuria—Type of Junks Used on It—Port of Antung—Its Development Since Russo-Japanese War—The Sungari—Compared to the Other River Routes—Its History as a Trade

Route—The Country Through Which It Flows—Description of the River Course—Agricultural Products in the Sungari Valley—Boats Used on the Sungari—No Canals in Manchuria—Railways—Chinese Eastern—Its Equipments—Its Cultural Work—Change of Policy—Ssupingkai-Chengchiatung Railway—Changchun-Kirin Line—Railways to be Built . . . . . *page* 240

CHAPTER XIII.

Trade and Trade Tendencies:

Manchurian Trade for 1922—Character of Manchurian Trade—Reason of Japanese Interest in Manchuria—Growth of Manchurian Trade—Rise of Dairen as a Port—Effects of World War on Manchurian Foreign Trade—Opening Manchuria for Foreign Trade and Residence—Japan's Position in Manchurian Trade—Rapid Gain of Japanese Trade in Manchuria—Japanese Efforts to Secure the Manchurian Trade—Japanese Financial and Commercial Interests Planted in Manchuria—Position of Dairen in Manchurian Trade—Story of Her Development—Dairen's Sensational Advance to Second Place Among Ports of China—Dairen's Port Facilities—Shipping at Dairen—Soya Beans and Manchurian Trade—Manchurian Trade in Cotton Piece Goods—America's Position in Early Days—Its Decline—Anti-Japanese Propagandists Making Capital Out of the Decline—Two Plagues of Manchurian Trade—Her Currency—Her Taxation—Various Kinds of Moneys Used There—Likin Tax . . . . . *page* 251

CHAPTER XIV.

Government:

History of Administration—Changes in Form of Provincial Administration Machinery—Five Boards—Creation of Viceroyalty—Revolution of 1911—Under the Tuchuns—Departments of a Provincial Government—Subdivisions of a Province—Tao and Hsien—Unofficial Government of Manchuria—Merchant Guilds—Headmen . *page* 280

APPENDICES

PAGE

1. The Shimonoseki Treaty—April 17th, 1895 . . 289
2. Contract for the Construction and Operation of the Chinese Eastern Railway—September 8th, 1896 294
3. Agreement Regarding Russo-Chinese Bank Association—August 28th, 1896 298
4. The Cassini Convention 300
5. Treaty of Alliance between China and Russia —May, 1896 305
6. Statutes of the Chinese Eastern Railway . . 307
7. Russian Imperial Ukaz Regarding Jurisdiction in Chinese Eastern Railway Zone—August 2nd, 1901 316
8. Convention for the Lease of the Liaotung Peninsula—March 27, 1898 319
9. Russian Imperial Order Regarding Establishment of Dalny as a Free Port—August 11, 1899 322
10. Additional Agreement Defining the Boundaries of the Leased and Neutralized Territory in the Liaotung Peninsula—May 7, 1898 . . 325
11. Agreement Concerning the Southern Branch of the Chinese Eastern Railway—July 6, 1898 326
12. First Supplement to Charter of Chinese Eastern Railway—February 17, 1899 331
13. Identic Notes Exchanged with Regard to Railway Interests in China—April 28, 1899 . . 334
14. German-British Agreement Relative to China—October 16, 1900 336
15. Russo-Chinese Agreement Regarding Jurisdiction in the Railway Zone—July, 1901 . . . 337
16. Old Agreement Regarding Jurisdiction in the Railway Zone which Was Amended as in Appendix 15 340
17. Russo-Chinese Convention with Regard to Manchuria—April 8, 1902 341

PAGE

18. The Portsmouth Treaty—September 5, 1905 . 344
19. Sino-Japanese Treaty and Additional Agreement Relating to Manchuria—December 22, 1905 . 348
20. Additional Agreement—December 22, 1905 . . 350
21. Summary of Alleged Secret Protocols to Sino-Japanese Treaty of December 22, 1905 . . 353
22. Japanese Imperial Ordinance on the Organization of South Manchuria Railway—June 7, 1906; and the Articles of Incorporation of the South Manchuria Railway Joint Stock Company 356
23. Russo-Japanese Political Convention—July 30, 1907 373
24. Preliminary Agreement for the Construction of the Chinchou-Aigun Railway—October 2, 1909 374
25. Russo-Japanese Convention in Regard to Manchuria—July 4, 1910 378
26. Sino-Japanese Treaty Respecting South Manchuria and Eastern Inner Mongolia—May 25, 1915 379
27. Loan Agreement for the Construction of the Kirin-Hueining Railway—June 18, 1918 . . 390
28. Loan Agreement for Railways in Manchuria and Mongolia—September 28, 1918 . . . 392

Index 395

LIST OF ILLUSTRATIONS

	FACING PAGE
Marshal Chang Tsaolin, Super-Tuchun of Manchuria	*Frontispiece*
Yalu Timber Raft. A Larch Forest	2
Old Temple. Along the Antung-Mukden Line	8
Liao River. Sungari River	14
Dairen Harbor. Central Plaza in Dairen	22
Street Scene in Mukden	26
Wall of Mukden. Mongolian Fortress	30
Junk Harbor at Dairen	38
Changchun Railway Station	42
Manchuli Station. Street Scene at Tsitsihar	48
Map of Harbin	66
Business Section of Harbin. Street Scene at Manchuli	70
Oriental Development Company. Public Hall at Mukden	74
Japanese School at Harbin. Baseball in Manchuria	84
Mukden Railway Station	90
Newspaper Office at Mukden. Street Scene at Tiehling	102
South Manchuria Railway System	114
American Steam Shovel at Fushun	116
Library at Dairen. Dormitory Building of S. M. R.	118
Togo Pit, Fushun Colliery	122
Panoramic View of Dairen Wharf	126
Map of the City of Mukden	128
Gymnasium Class of a Girls' School. Sewing Class of a Girls' School	132
Hospital at Mukden. Students of Medical University	133
Yamato Hotel at Dairen. Yamato Hotel at Changchun	138

FACING PAGE

Planting Soya Beans. Rolling Farrows . . . 140
Farmers' Huts. Harvest Time in Manchuria . . 148
Kungchuling Agricultural Experimental Farm. Rice Field in Manchuria 150
Soya Bean Cultivation 158
Harvesting Kaoliang. Threshing the Grain . . 166
Harvesting Hemp. Leaf Tobacco for Shipment . 170
Fruit Trees. Awaya Farm 174
Street Scene in Hailar. Draught Horses and Oxen 180
Sheep Ranch. Drying Wool 184
Weaving Tussah Silk 186
Felling Larch Trees. Lumber Junks 190
Birch Forest. Larch and Birch Forest . . . 194
Russian Loggers' Cabins. Hauling Logs Out to Railway Station 198
Open-cut Mining at Fushun. Dynamiting Coal at Fushun 206
Sorting Coal at Fushun 208
Anshan Iron Mine 210
Iron Ore Being Loaded. Blast Furnaces at Anshan 212
Blast Furnaces at Penhsihu. Electric Locomotive 214
Chinese Coolies' Dining Room 216
Town Hall at Fushun. Residences for Colliery Employees 218
Soya Bean Awaiting Shipment 220
Suzuki Bean-oil Mill. Screw Presses at Dairen Oil Mill. 224
Flour Mill at Kirin. Japanese-owned Flour Mill 230
Salt Field at Pulantien. Natural Salt of Mongolia. 236
Woolen Mill at Mukden. Finishing Department of the Mill 238
Yingkou River Front. Manchurian Driver and His Team 242
River Front at Harbin. Iron Bridge over the Sungari 248
Harbin Railway Station. Chinese Eastern Railway Headquarters 254
Soya Beans and Bean Cakes 258
Concrete Warehouses at Dairen 264

FACING PAGE

DAIREN WHARF. WAREHOUSES IN THE WHARF COMPOUND 266

MAP OF DAIREN 268

SOYA BEANS AT KAIYUAN 270

OFFICIAL RESIDENCE OF INSPECTOR-GENERAL. PROVINCIAL ADMINISTRATION OFFICE 280

OFFICE OF MILITARY GOVERNOR. BUREAU OF FOREIGN AFFAIRS 282

OFFICE OF TAOYIN. CITY GATE OF KIRIN 286

MANCHURIA

CHAPTER I

INTO MANCHURIA

THE train came to a pause—as if taking a breath for a fresh start. The Hakuba Tunnel was behind us; so also the grey memory of the old Torin Castle. We had been, for hours on hours, threading the southwestern skirts of the massed heights of Heian Hokudo in North Chosen—as Korea should always be called. The huge engine at the head of the "Seoul-Mukden Through Express" bore the crest of a great American locomotive works. Small Chosen children stood hard by and watched it gravely: the steel dragon literally breathing fire and smoke was no longer a fancy of the old legend.

It heaved a sigh and took a gentle grade ahead. Then suddenly, with the dramatic suddenness of a stage curtain lifting, we were upon the full sweep of the majestic Yalu. This river is quite as lordly as the Hudson at the northern tip of Manhattan Island and much more historic. The tall smokestacks of the Chosen Paper Mill Company (a five-million-yen concern) on the right of the track and those of the First and Second Iron Works and of the lumber mills farther down the stream, and the industrial town of Antung rising over on the Manchurian side, all its buildings of occidental style, recall the Hudson rather impressively.

The similarity does not go much further than that, however. Up and down the grey stretch of the stream bat-wing sails of Chinese junks and white square sails of Japanese boats catching the early light of a May morning, and, more than all else, an endless procession

of timber rafts, place the picture definitely out of America and out of Europe. These strikingly fashioned timber rafts of the Yalu are famous throughout the Orient. Every year when winter strangles the water in its white grip the woodsmen go into the forest on either side of the river and fell the trees. In March when the thaw comes they cut the timber into logs eight feet long. These they tie together in eights to form the units of which the rafts are made. From thirty to a hundred such units make one raft. It is usually 100 feet long and about twenty wide. It comes 300 or 400 miles down the stream before it reaches Antung or Shingishu, and usually it takes two months on the way, which explains the hut one sees built upon it and the small truck-garden that is sometimes discovered. The Chinese raftsmen with their rare and leisurely philosophy of life try to raise vegetables as they loiter down the stream.

The Yalu rises in the snows of the Changpai ranges —the fabled Mountains of Eternal Whiteness—500 miles inland. It is navigable 270 miles up the stream to Maoerhshan by small native junks. It marks the boundary between Chosen and Manchuria. Some natives call it "Ai-kiang" and some "Ichou-kiang." The Yalu widens as it makes its stately way to meet the Yellow Sea. At its mouth it is something like thirty miles wide, so that it is difficult to say where the river ends and the sea begins.

Here at Antung the greatest bridge in all Asia crosses the Yalu, connecting Manchuria with Chosen. It is composed of twelve spans and is 3,098 feet in length. It was built by the Government-General of Chosen for its state railway at the cost of several million yen. And it took two years to complete it. Later, when the South Manchuria Railway took over the management of the government railways of Chosen, the bridge became the connecting link between the trunk line of Manchuria and

Yalu timber raft with a shack and a vegetable garden on it

A larch forest in Manchuria

that of Chosen, the chain of railways which gives the shortest line between the two great capitals of the Orient, Tokyo and Peking. The great iron bridge is provided with sidewalks eight feet wide on either side of the bridge. These eight-foot walks and the steel rails in between over the iron bridge have done more to break down the barrier of prejudice and hatred that had stood between the Manchus and the children of Chosen than any other hundred factors put together.

Over the monarch of all Asian bridges the Through Express rolled into Manchuria—into the Antung Station. Antung is not a typical Manchurian town. As a port, there is more room for criticism than for ships. Near the great iron bridge the river sometimes has twenty-one feet of water at ebb tide. But that is rather exceptional. The usual depth there is about twelve feet, while at high tide it will rise to twenty-three or more. The approach to the city from the Yellow Sea is not much smoother than some sections of the Mississippi made famous by Mark Twain. Only small vessels of less than 1,000 tons make the port. Moreover it freezes up tight toward the close of November, and even in the closing days of March, when the thaw is in full swing, ships are not entirely safe from ice blocks which jam the stream.

All the same, Antung is an epitome of Manchuria—Manchuria in little.

There is the Old Town. In the good old days, before the coming of the new-fangled civilization and its prophets the Japanese, it was called Shahochen. It covers roughly the northern half of the present Antung. More than 40,000 people live there, most of them Chinese, and its Main Street, called Tsaishenmiao-chieh, is busy, crowded, and prosperous.

Then there is the New Town. It stretches south of the Old Town and extends to the railway station. It

is built of Japanese-style houses, mostly of wood, with a sprinkling of foreign-style structures. It has asphalt-paved streets. It spreads over 1,225 acres protected from the flood by embankments and surrounded by canals for drainage purposes. In sharp contrast with the Old Town, here the streets are sanitary and clean. The wide Yamatobashi Avenue cuts through the middle of it, leading to the open plaza in front of the railway station. On May the first, 1904, when General Kuroki crossed the Yalu a few miles above this point and put the river on the map of the world, there was not much more than sand lots overburdened with weeds here where the New Town stands to-day. The entire town has been created since then. It is provided with waterworks and electricity, and it boasts now considerably more than 20,000 population, of which half is Chinese.

In addition to the two sections mentioned above, the city has another portion, which goes under the name of the South Manchuria Railway Company's Leased Ground. This section joins the New Japanese Town to the south, the line of rails marking the division. It covers 1,225 acres—precisely the same amount of space as the New Town. In addition it takes in all the water frontage of the New Town. In the center of this Leased Ground is a large storage pond for the accommodation of the rafts which come down the stream.

Here is the city of to-morrow—an industrial city to come. Already the great plot of ground to the northeast of the storage pond is covered by the buildings of the Yalu Timber Company, a joint enterprise of Chinese and Japanese capitalized at $3,000,000, which has the lumbering rights of the entire Manchurian bank of the upper Yalu as well as of the basin of the River Hun, covering more than 2,450,000 acres, whose lumber is estimated at 4,200,000,000 cubic feet. It is in this section also that the factories of the Japan Match Com-

pany and of the Antung Pottery Company, as well as those of the Silk and Woolen Goods Company, stand. A large section of the town is yet to be built, but the grounds are laid out in streets and plots for industrial plants. It has scarcely three-thousand people in it now, but it is richer in prospects than any other section of Antung.

The story of Manchuria is the story of these three sections of the City of Antung: of the Old Town of the Chinese, of the New Town in which the more aggressive of the natives join with the Japanese for building up something of which the ancient place had scarcely dreamed before, and then of the activities of the South Manchuria Railway—of its far-sighted enterprises, its scientific exploitation of the resources of Manchuria in its titanic rôle as the foster mother of agricultural and industrial Manchuria. At Mukden, at Dairen, at Harbin, you can see the same thing presented on a greater scale. At Harbin we have the Russian element playing one of the leading parts in addition to the Chinese and the Japanese. That of course makes the drama more complicated, but the story is the same.

Perhaps the chief commodity in which Antung deals is the same old soya bean which has made Manchuria famous in the markets of the world. Antung does not handle anything like the quantity of that commodity that the port of Dairen does: she cannot compete even with Yingkou in this respect. But the hinterland of Antung sends into the city about 5,000,000 bushels of it a year. In 1908 a joint corporation of the Chinese and Japanese interests was organized to engage in the *yufang* business, as the Chinese call the extraction of oil from the soya beans. It was called the *Jih-hsing Yufang* and was capitalized at 5,000,000 yen. That was the pioneer in the field. Now there are fifteen *yufangs,* all in the Old Town and managed and worked by Chinese. They

are manufacturing close to twenty-million pounds of bean oil a year and a half-million pieces of bean cake. The oil goes to the United States through Shanghai, Kobe, and Yokohama, while Japan takes about 90 per cent. of the bean cake as fertilizer for her rice-fields.

The future of agricultural Manchuria is largely wrapped up in the development of soya beans. Her trade future hangs on them. And the *yufang* activities in Antung mirror admirably the whole of Manchuria.

The article which is only second to the bean in importance in the industrial life of Antung is *tussah*. *Tussah* is the silk made from cocoons of wild silkworms which feed on oak leaves. The familiar Shantung pongee is made from it. This wild silk is a peculiar and important product of Manchuria.

Antung's supply of *tussah* cocoons comes from Huaijen and other northern districts and from the Tsaohoku district to the southwest. In days past the city used to export the cocoons in large quantities to Chefu and other Shantung cities, but the Shantung people have come to Antung and established filatures there. So the city is consuming now more than 80 per cent. of the cocoons it handles. There are thirty-six of these filatures, some of them very small in scope, and all of them are in the Old Town and are worked by Chinese. The annual output is valued at more than 4,000,000 yen.

Lumber is another trade item of which this section of Manchuria is highly and rightly proud. There are twenty-six lumber mills in the city of Antung now, and they saw more than 25 per cent. of the Yalu logs into boards.

Not alone do the commodities Antung handles make the city so admirable an epitome of the whole of Manchuria, but also the peculiar character of the personnel and the nature and organization of the large corporations engaged in the industrial and financial activities

of the city. Almost all the really important corporations dealing largely in Manchurian commodities are joint enterprises of Chinese and Japanese. This does not accord with the clever, persistent, and wide-sewn stories of anti-Japanese propaganda in the United States, nor should it. But facts are facts and should have their chance at publicity once in a while, even in the original home of many-colored propaganda. The writer had lived so long in the United States and had been fed with this highly spiced stuff from the anti-Japanese propagandists there so persistently that he was astounded at the sight that confronted him at Antung.

If Manchuria means anything at all it means 365,000 square miles of display advertisement of Japanese and Chinese co-operation. And Antung is a handy edition of that big display. That is the reason why I have tarried so long in this modest border city on the Yalu.

The Seoul-Mukden Through Express pulls slowly out of the station and makes a sharp turn northward, almost at a right angle: it skirts the northwestern edge of the New Town, goes through the old Chinese town, and glides past the Shahochen station.

We are now in the sacred land. In May, 1904, the men of Kuroki's Army were all over this ground, and there are very few spots they did not mark with blood. Ten years before that, in the Chinese war, the Japanese army under Oyama fought over this same spot. Reverence for the old, for the things of the past, the glorification of History with a capital H, is the one dominant trait of all oriental races. My countrymen used to share this trait with their neighbor peoples—they used to.

Therefore, what I witnessed in the Pullman sleeper of the Through Express cut short my breath and made my eyes round. Did my fellow travelers rinse their mouths in crystal mountain waters and intone under their

bowed heads their praise of heroic guardian ghosts? Did my countrymen break into transports of exultation memorializing the victories that crowned the towering heights of Phenix Peak? I watched carefully, but I could not see the remotest sign of anything like a halleluiah. Instead, these fellow travelers of mine, these men of Nippon, talked of the weather—of the same conversation-making weather that any of the business people of New York fall back on when they make their appearances at their offices every morning. One merchant breathed not less than 5,000 words on the how and why of the year's bad business conditions in Japan, and he did not let up a minute all the time we were passing through the hallowed ground.

All this Antung-Mukden Line over which we were making our way into the heart of Manchuria was once a light military railway. It was built by engineers' corps of Kuroki's army as it fought its way on to Mukden over the Changpai range in the summer of 1904. After the war the line was turned over to the South Manchuria Railway with the command that it must be rebuilt from end to end so that it would make part of a great international highway joining Tokyo with Peking and, in connection with the Trans-Siberian, with the capitals of Europe. It was a herculean task. As it stood, it was a temporary line of two feet six inches gauge 188 miles long, stretching from Antung on the Manchurian bank of the River Yalu to the ancient capital city of the Manchus. The work commenced in August of 1909 and was completed in October of 1911. Really it was one of the great engineering feats in the Far East. No less than twenty-four tunnels were driven through various branches of the Changpai mountain range. The longest one was through Fuchinling and measured 4,884 feet. In all 205 bridges were built to carry the line over the streams and canyons. The longest one is an iron bridge,

Along the Mukden-Antung line

Old temple nestling in the mountains of Changpai Range

as modern and solid as the one on the Yalu. It is over the Taitze River near Penhsihu. This bridge took from October, 1910, until September of the following year to complete and cost more than 350,000 yen. All this tunneling and bridging in the reconstruction of the line was trying and expensive. The work involved in it gives a more definite and eloquent picture of this section of mountainous Manchuria than anything else. And all this engineering work shortened the line by no less than eighteen miles.

The Express sped on.

From a corner of the Pullman sleeper—for the South Manchuria is an all-American-equipped line from the heavy steel rails to the locomotives and Pullman cars—a few seats ahead of us rose an exclamation:

"*Yabakei!*—the *Yabakei* of Manchuria!"

Now whenever a Japanese traveler explodes with a shrill shout of "*Yabakei!*" he is trying to tell the world —and he doesn't care particularly who hears him—precisely what Americans mean when they thrill over the mention of the sunset's colors in the Grand Canyon of Arizona, of the splendors of the Yosemite, of the orchestra of the sky, the peaks and mountain streams of the Canadian Rockies.

We had long since turned our backs on the heights of Five Dragons' Back, which the Chinese call Wulungpei. We were in the purple twilight of the Changpai range. The exclamation of the fellow traveler was not a whit too boisterous. All the way to the western mouth of the Taling Tunnel, nearly 150 miles, the line is one continuous crescendo of scenic exclamations. The crystal flow of Hsi-ho and of the River Tsao now thunders by in an eternal series of snowy volcanoes, and then suddenly, as the Express takes a turn, it dallies in turquoise pools, a hundred feet down a precipice, on which the mountain breezes whirl in their elfin dance and tread

out an ever-melting brocade. Fairy Land—for fifty-five miles—from Lienshankuan to Chiaotou, nothing less!

So we climbed till we made the Fensui range. A tunnel of 1,914 feet pierces it. Just out of it is Chichiapu. It stands 1,262 feet above sea level and is the highest point on the Antung-Mukden line. This Fensui range divides the Yalu basin from the plain of the Liao. All the streams on the western slope of the range find their way into the Gulf of Liaotung, while their sisters on the eastern slope sing their way, with the Yalu, into the Yellow Sea.

Just out of Lienshankuan the fog-veiled outline of five peaks greets the traveler. They are the historic Motienling, sacred to the memory of the two greatest wars Japan has fought—the Chinese and the Russian wars. But after all, the one real peroration of scenic Manchuria is Tiaoyutai. It is a Titan of an up-standing rock crowned by an ancient temple called Puchissu. A long, long series of stone steps leading up to the temple seems to come out of the clouds. They lead to the red walls of the temple. The picture is not of the earth. One instinctively closes his eyes at the sight. For nowhere in the world but in a dream does a mortal behold anything quite as ethereal as that.

Out of the Taling Tunnel, as we passed the town of Yaochienhutun, a little over 143 miles from Antung, we saw open ahead of us a sight which never fails to hold an islander like the Japanese spellbound. A group of American tourists sat across the aisle from us looking out of the window. Kaoliang sprouts had not come up: miles and miles of level fields looked as smooth as a truck garden and raced away to the rim of the sunset horizon.

"Why," said one of the Americans, "here is our dear old Kansas."

AMUR
(or Heilungchiang)
PROVINCE

KIRIN
(or Chilin)
PROVINCE

MUKDEN
(or Fengtien)
PROVINCE

GREAT KHINGAN MTS.

LITTLE KHINGAN MTS.

CHANGPAI RANGE

CHANGKWANG SAI RANGE

KHADAN KHADA ALIN

MARITIME PROVINCE

EASTERN INNER MONGOLIA

BLAGOVESCHENSK

ABARCHSK

MANCHULI

DALAI NOR

BAIL NOR

TSITSIHAR

Nonni River

Chowie River

Tsila River

Amur River

Zeya River

Bureya River

Sungari River

Usuri River

Mutin River

HARBIN

PETUNA

SANSING

HINGKAI LAKE (KHANKA)

VLADIVOSTOK

CHANGCHUN

KIRIN CITY

CHIENTAO DISTRICT

CHENGCHIATUN

SANKIANGCHAO

ITUNG

LIAOYUAN

FUSHUN

MUKDEN CITY

MAOERHSHAN

SE-SHIN

YINGKOU

ANTUNG

CHINESE EASTERN R.R.

SOUTH MANCHURIAN R.R.

GULF OF CHIHLI

YELLOW SEA

Map No. I: The Physical Features of Manchuria

Adachi

CHAPTER II

THE LAND

MANCHURIA is the name that covers in a rather vague way that stretch of northeastern territory which the Chinese know under the name of Tungsanhsin—the Eastern Three Provinces of Amur, Kirin, and Mukden. To the north of it, across the Amur River, is Siberia. A bit of the Maritime Province of Siberia and Chosen mark its eastern boundary. On the west the more or less elastic administrative line of Eastern Inner Mongolia and the easternmost edge of the Eternal Wall meeting the sea at Shanhaikwan mark its limit; and on the south the waters of the Gulf of Chihli and of the Yellow Sea frame in the apex of this irregular inverted triangle whose base is on the Amur.

PHYSICAL COMPLEXION

The heights of the Great Khingan ranges screen it on the northwest; and on the southeast, those of the Changpai range. Sheltered between these two mighty mountain screens lie vast stretches of billowy plains famous throughout the Far Eastern lands as the granary of Asia. The northern section of it is drained by the Sungari and the Nonni, which, flowing into the Sungari near Petuna, forms one system. The southern portion is watered by the Liao, the Yalu, and the southern branch of the Sungari.

In newspapers and on the lips of politicians and travelers one meets constantly nowadays the expressions,

North and *South Manchuria*. The Russians who first used these terms had not the remotest idea as to the exact line which divided the North from the South. They don't know it now. Neither is there a single geographical authority up to this very day who can trace the line on the map with precision. It is about as elusive as the line between the Chinese army and the Chinese bandits. In the now classic days of "Spheres of Influence" the North meant the Russian and the South meant the Japanese sphere in Manchuria. Years that came and went changed the geographical complexion of the expressions a lot. But year by year the expressions have found their way into many important documents: in the supplemental agreements of June, 1898, on the Chinese Eastern Railway between China and Russia, for example, and in the Japan-China treaty of December, 1906.

The most popular and widely accepted meaning of the expressions, as they pass current now, is that South Manchuria takes in the whole of Mukden and that part of eastern Inner Mongolia under the administrative jurisdiction of the Province of Mukden and also the southern half of Kirin. This is an area of about 136,965 square miles. Northern Manchuria covers the rest of the eastern three provinces, namely, the whole of Amur and the northern half of the Province of Kirin, about 245,662 square miles of the country. Therefore, in terms of transportation facilities, the Chinese Eastern Railway serves North Manchuria and South Manchuria is covered by the South Manchuria Railway.

Students who consider the geographical details of China in general and of Manchuria in particular should always keep in mind the central fact that not even in China proper has there been a scientific survey of the whole land since the days the Sacred Dragons lorded over it. Such surveys as have been carried out in recent

years are of fragmentary character. If there is no official or private survey of China Proper, it goes without saying that there is no such thing about outlying and outside Dependencies like Manchuria and Tibet. Imposing figures parading through many a learned tome are at best a mathematical fiction whose accuracy depends altogether on the shrewdness of the guesser. This statement also holds true for the figures of population as well as for the square mileage of its area. In a small section of the country, such as the leased territory of Kwangtung under the Japanese administration, it is different. There the whole land is surveyed carefully, and the census register is as dependable as in any section of Japan proper or in the City of New York.

This accounts for many astounding discrepancies in so-called "official" figures of various parentage. The Fengtien (or Mukden) official report of 1909 puts the area of the Mukden Province at 18,679 square ri (one ri is 5.955 square miles). Japanese army authorities in their report of 1910 placed it at 9,330 square ri. The Agricultural Research Statistical Report of the Fengtien Province of 1911 placed it at 20,476 square ri. An Army Authority connected with the Kwantung Government General in 1916 declared it to be 12,721 square ri; and the same year the experts of the South Manchuria Railway Company put it at 14,932, which was later revised to 15,151 square ri.

The following figures of the South Manchuria Railway experts are usually taken to be as correct a guess as any of them:

Mukden	90,224	square	miles
Kirin	81,018	"	"
Amur	211,385	"	"
Total	382,627	"	"

THE RIVERS

When the Amorites founded a great empire under Hammurabi in 2100 B.C., centering on a small river town called Babylon, it was the River Tigris that took the humans by the hand and led them down the far-speeding avenue of their destiny. So here in Manchuria, also, it was the rivers, not the flags, which the economic and cultural developments of the Tungus, the original Manchus, followed. The Amur, the longest of the rivers, is 2,500 miles in length. Some 2,000 miles of that distance are navigable. The Chinese call it Heilung-kiang—Black Dragon River. There is little doubt that the name came from the somber color of its sweeping flood. The Shilka and the Argun Rivers come together at Strelotchnoi and give birth to the Amur. From that point on it makes its majestic way along the Manchurian boundary until it empties into the Gulf of Tartary east of the town of Nikolaievsk, made famous by the unspeakable massacre of 700 Japanese—men, women, and babies, including the family of the consul—in March, 1920.

In its southeasterly course down to Chichakha, near where it mingles with the waters of the Sungari, the Amur gathers in such major streams as the Khumar from the south and the Zaya and the Burega from Siberia on the north, before it passes out of Manchuria at Khabarovsk. Up to Mitrofanova, some 1,900 miles from its mouth, a river steamer can make its way. It is so broad that at many points a man standing on its bank may easily fancy himself looking across a bay. Even while passing through mountain gorges it measures some 2,000 feet in width.

"Sungari-oola" is the name by which the natives know the Sungari. In Manchu it means the River of Heaven. It rises amid the snows of the Changpai Ranges and winds its way over the plains of Kirin Province. In the

The River Liao at Yingkou

The western bank of the Sungari, across the river from Harbin

neighborhood of the City of Kirin its valley is narrow. As one travels down its course he finds its right bank is edged by spurs of mountain ranges covered with dense forests. As the stream sweeps out upon the level plains, it divides into innumerable branches. The main stream broadens at some points to nearly 1,800 feet. Near Petuna, where it has almost completed the circuit of the western portion of Kirin Province, it makes a long detour before swallowing the Nonni, the largest of its tributaries. Here it attains the depth of 20 to 40 feet, and at the widest point measures about 180 yards. So it reaches the City of Harbin, the greatest distributing center of North Manchuria. Thence it makes its northeasterly way until it empties into the Amur.

It is this river system of the Sungari and the Nonni which justifies all sorts of extravagant prophecies about the great wheatfields of North Manchuria.

The Tumen and the Yalu are the two great streams which mark Manchuria from Chosen. The Tumen rises along the southern slopes of the eastern skirt of the Changpai range and flows on through some 750 miles into the Sea of Japan.

The Yalu is better known to America and Europe than most of the rivers of the Far East—largely because the men under Kuroki in the historic days of the Russo-Japanese war crossed it in a dramatic manner and proved to the skeptical world that the East could beat the Occident at its own game of steel and explosives. Aside from that, the position of the river adds to the importance of the stream. It rises from the western slope of the Paitou-shan—White Head Mountain—in the Changpai range and rushes down to the Yellow Sea, past the old and new city of Antung. Antung is increasing in the magnitude of its foreign and domestic trade with the years that come and go.

As a navigable stream the Yalu has its limitations. It

is shallow for the most part, and its current is swift. It is some 500 miles long; but only light Chinese junks could make their way up to Maoehrshan, less than 270 miles from its mouth. Even near Antung the depth of its water does not always permit small coasting steamers to enter and clear with freedom. Only a light-draft steamer of high speed can navigate the stream with safety.

The Yalu attained a high fame largely because of the timber in its upper reaches, which has already been told of in Chapter I of this book.

On its way to the sea it annexes the Hun-kiang and the Aiho on the Manchurian side and the Jiho-ko and the Unjo-ko from the Chosen side.

But after all, it is the Liao River which is the Mississippi, the Nile, the Ganges, the Yangtze of Manchuria. The Liao is made up of two major streams: the Main or Western Liao, which bears the name of Sharamulen while it drains the plains of Inner Eastern Mongolia and the northwestern corner of the Province of Mukden, and the Eastern Liao, which rises in the northwestern spur of the Changpai range and rushes down through innumerable ravines till it meets and mingles with the Main or Western Liao near Sankiangkou—some 200 miles in length. Together they form the Great Liao which waters the fertile fields of the Province of Mukden. Its valley includes more than one fifth of the total area of Mukden Province—practically the whole of the cultivated fields.

The town of Chengchiatun, the present terminus of the Ssupingkai-Taonan Railway, Chantu, Kaiyuan, Fakumen, Tiehling, Hsinmin, Mukden, Liaoyang, and Newchwang are some of the more important cities and towns which the river and its tributaries, such as the Hun and the Taitse, have called into being. They cluster within

short distances from the river banks like so many precious fruits on the widespreading branches of a mother tree.

The Liao empties into the Gulf of Chihli. Fourteen miles from its mouth stands the port of Yingkou, the Newchwang of British treaty and British writers. The port was opened to foreign trade through the Treaty of Tientsin of 1858, ratified at Peking in October, 1860. The Treaty of Tientsin which the British forced from China was utterly innocent of the present Port of Yingkou. It meant Newchwang, an old town some 50 miles farther up the river. Perhaps the British were ignorant about the geographical details of this particular section of Manchuria when they signed the treaty. Perhaps the men who came to establish the British consulate liked Yingkou better than the old town of Newchwang. Anyway, with the usual British contempt of all oriental races, including the Celestials, they put their Consulate at Yingkou and called it Newchwang, without ceremony, without geographical conscience, with only their habitual arrogant readiness to take what they wished and "let the heathen rage."

Since then, up until very recent years, all the trade returns, travel books, official documents, knew the Port of Yingkou under the name of Newchwang. For the convenience of foreign shipping and foreign trade purposes, there is no question that the old town of Newchwang would have been a sad joke compared to Yingkou. Anyway when the first British consul hoisted his flag at Yingkou he must have felt a thrill chasing up and down his spine. For, in precisely the same manner, and at much the same sort of locality, the British had founded Calcutta, at the mouth of the Ganges, and Shanghai at the mouth of the greatest river in all China, the Yangtze. And for years and years after the establishment of the first British consulate at Yingkou the port

looked and acted as if it were going to be the one great entry port of all the hinterland of Manchuria and Mongolia.

Just as the Yangtze flows through the heart of Central China and through the most densely populated sections of the country, so also the Great Liao flows through the most fruitful, and therefore the most prosperous and populous, plains of Manchuria. For nearly 536 miles it has served as the one chief highway of traffic since days far beyond historic memories. Beans and grains, tobacco and hemp, and all the other agricultural products of Manchuria were wont to come down the river to the Port of Yingkou. And the junks which came down laden with the Manchurian products sailed back up the stream to their various home ports quite as heavily laden as on their outward journey with the cargoes of foreign and Chinese goods—sugar and salt and manufactured wares, mostly.

As early as 1861, when the first British Consul, Meadows, went there, he found the port doing a coastal business in the great Manchurian products—the soya beans and bean cakes. They were brought down the river in junks of six- to forty-ton capacity. At Yingkou the river junks transferred their cargoes to sea-going junks of more than 100 tons. They carried Manchurian products to the ports of South China and to the sugar plantations of the islands of the South Seas, which seemed to depend almost entirely on bean cake from Manchuria for fertilizer.

The Liao was a trying stream even for junks to negotiate. It was shallow, full of shoals. As a great trade highway for South Manchuria it had the grave drawback of being frozen tight four months every year. In the northern reaches the stream remained ice-tight fully half the year. But in the old days, when the trade of Manchuria lacked the proportions of the present, the

Liao served the economic life of South Manchuria as nothing else did. In the high-water months of June, July, and August, there were reported no less than 10,000 vessels sailing up and down the stream; and even in other months there were always from six to eight thousand boats crowding its course. These junks made from four to eight trips a season, doing the important work of feeding the international business of the only port open to foreign trade in those days.

RIVER BASINS

These river systems give Manchuria her five major river basins.

The Liao Plain is by far the most populous and important of them all. Its area, as has been pointed out, includes one fifth of the Province of Mukden and stretches from northeast to southwest. The mountain spurs, which come almost together not far from Tungkiangkou, divide the plain into northern and southern sections. The Northern Plain is the extensive expanse of level land drained by both the West and the East Liao and their countless branches. On the north it touches the edge of the Central Plain—which we shall examine later. The soil is clayey and black and exceedingly fertile. But, unlike the southern portion of the Liao Basin, a large part of the Northern Plain is still left in its virgin state as grazing-ground for cattle. For the most part it is covered with dense growths of grasses and other vegetation.

When one passes south through Tungkiangkou into the valley of the Great Liao—as the union of the western and the eastern branch of the Liao is often called—a picture of the farming industry of the patient Chinese greets the eye. Here the fields bearing various crops spread to the horizon through all points of the

compass, broken only here and there by a cluster of farmers' huts hidden behind high, crenelated walls—for Manchuria, with rural peace brooding upon it, is still, like the rest of bandit-infested China, under constant threat of sudden raids by the mounted bandits called *Hunghutze*. Here along the lower reaches of the Liao was witnessed the invasion of the first flying army of Chinese farmers centuries ago when Manchuria was still a closed and forbidden land.

The quality of the soil and the agricultural development of this valley will be dealt with in detail in a chapter on farms and farmers. It is by far the richest section of Manchuria at present. About the only serious disadvantage of this section is the periodic flood from which it suffers. The great Liao has been left in its primitive state, allowed to overflow at its sweet pleasure in the rainy season. The valley, naturally, is covered more thickly than any other in Manchuria by farm villages; and they are more prosperous than in other districts.

There are more roads in this valley than in the other four plains. In winter when everything is frozen hard these roads serve the traffic after a fashion. In summer, in the wet season, they turn into so many canals of deep, ever-churned mud which beggars all adjectives. With all that, there is no question that this plain enjoys the best transportation facilities of any in Manchuria. For the great South Manchuria Railway covers its eastern section; and through a portion of its western section passes the Chinese line of Peking-Mukden railway.

The so-called Central Plain of Manchuria is that level land which rolls from the valley of the Itung River westward out to the great plains of Mongolia. Around the towns of Changchun—the northern terminus of the South Manchuria line—and Nungan the land is high, but the rest is a stretch of low land. Most of this plain is good farm land, although there are sections of it which

suffer from an excessive amount of alkali. The plain reaches down to the valley of the East Liao River on the south. Here a great section, which has been incorporated into Manchuria under the Chinese administrations instead of the Mongol princes, is now under cultivation.

The valleys of the Nonni and the Hulan—both of which flow into the Sungari—stretch away from the southwestern spurs of the Small Khingan Range (which forms the northeastern screen of the northern plain of Manchuria) westward to the foothills of the Great Khingans. Upon this plain stand the important cities of Tsitsihar and Suihua. Southward it extends to the valley of the Sungari. All this Northern Plain is much higher than the valley of the Liao. It is a sloping plateau. Only in the neighborhood of Anta one sees a stretch of low land, and between that and Tsitsihar there is marsh land covered with reeds and flags.

In this section the population becomes thicker as one proceeds to the southern edge of it. The Hulan, the Nonni, and their branches afford the chief transportation facilities in this section of the country.

Over a large section of the valley of the Nonni the soil is not of the best, containing more or less alkali. In some sections indeed it is saturated with soda and other salts. So much so that the extraction of soda from the soil is one of the ancient industries of Amur Province. The soda thus extracted from the soil of the steppes of this section is shipped down to Tientsin, Yingkou, and Dairen in the shape of bricks or cakes to be exported to the dyeing and silk districts of North China. Soil of this character of course is not fit for cultivation. Therefore and naturally it is largely left in its wild state. The fact that the major portion of this valley has been under the administration of Mongol chieftains accounts also for its undeveloped condition. To add to its trou-

bles, the valley suffers from many severe floods from the Nonni and its branches in the rainy season.

The Sungari Plain extends on both sides of the great stream from Petuna, near which it receives the waters of the Nonni, for hundreds of miles to the point where the Sungari empties into the Amur. The lands about Petuna and Harbin are somewhat hilly and rolling. The level plain of the Sungari valley is along its northern bank, adjoining the plain of the Hulan valley and the district that spreads between Sansing and Paiyangmu. Along the southern bank of the river, level lands are few and far between. This is also true of the section between Sansing and Tassaka near where the Sungari joins the Amur.

There are a few other plains in Manchuria, such as the valleys of the Tumen and the Yalu and along the shores of the Yellow Sea, but they are of minor proportions, not to be compared with the great plains described above.

COAST LINE

The coast line of Manchuria from the mouth of the Yalu on the east to Shanhaikwan, where the Eternal Wall of China meets the waters of the Gulf of Chihli and marks the farthest reach of the southern toe of Manchuria, is about as unemotional and regular as a model family man. No wealth of secret inlets, sheltered bays, or deep-bosomed harbors is there to lure the mariner, except at the tip end of the Liaotung Peninsula (which is leased to the Japanese) with its Port Arthur and the Port of Dairen. The coastal waters are also shallow, both on the Yellow Sea and on the Gulf of Chihli. There is no thirty-foot depth within two miles of the shore except at the two ports mentioned.

These are some of the natural factors which conspired to make the Port of Dairen rise from the position

The eastern entrance to Dairen Harbor

Central Plaza in Dairen from which the streets radiate like spokes of a wheel

of forty-second among the continental ports of China in 1907 to the second place it holds in recent years—second only to Shanghai.

FORESTS

To-day Manchuria ranks as the most important of all the timber regions in the whole of China. In South Manchuria the lower slopes of the Changpai range along the Sungari and in the upper reaches of the Tumen are covered with forests which rank high among the timber lands of Manchuria. Standing next to this section are the Yalu and the Hun forests: they cover the mountains amid which the two rivers rise. In North Manchuria the timber land along the Chinese Eastern Railway line east of Harbin, especially about Hailin, is important, and the Sansing District ranks with it. In short, excellent forests cover all the mountain districts from the border of Chosen in the east to the boundary of Kirin and Mukden Provinces on the west. The forests reach southward down to the mouth of the Yalu. Although in the lower reaches of the Yalu River the tops of the Changpai peaks are all bald, as one comes down the heights he finds that all the skirts of the mountains are thickly wooded. The Kirin forests afford a cut of 25,000 board feet an acre, according to a trustworthy report. The trees are mostly of the pine family.

In Manchuria some 300 species of trees are known, but the varieties which dominate the forests there are not more than a dozen or so. Chosen pine occupies perhaps 60 per cent. of the forest area there, on which grow also Chosen fir, Ezo pine, Mongolian oak, Manchurian and Amur limes, Manchurian maples, and walnut. Among the hardwoods, besides oak, maple, walnut, and lime already mentioned, there are acanthopanax (a tree which usually stands 60 to 70 feet in height), ash,

cork-tree, and birch. Of these the common oak and another kind of oak called "nara" by the Japanese are dominant over the Changpai range. Some years ago the Japanese experts connected with the civil administration of the Leased Territory of Kwantung estimated the number of trees in the forests of Mukden Province at about 78,400,000 and the timber at slightly over two-billion cubic feet. For Kirin Province the figures were 100,600,000 trees and more than 1,663,000,000 cubic feet, and for Amur Province 6,299,000,000 trees and 126,115,000,000 cubic feet. The Great and Small Khingans carry about four-fifths of the entire timber of Manchuria. The pine trees in these forests are by far the most useful timber: they often attain the circumference of 13 to 14 feet and grow to more than 100 feet tall.

CLIMATE

Manchuria lies between 39 degrees and 53° 30′ north latitude—within the same parallels as North America from Baltimore to the northern tip of Newfoundland, or from Cincinnati to Port Nelson on Hudson Bay. Within the same latitudes lie the great cities of Naples, Madrid, London, Paris, Vienna, and Berlin. But the climatic conditions of Manchuria would give decidedly a new experience to the peoples of Naples and other Mediterranean ports of France and Italy. There are three distinct climates in Manchuria. Along the coast the sea makes conditions different from those of the mountain districts and forest regions, and the great plains have a still different climate of their own. In the coldest month of the year there, namely January, the temperature at the Port of Dairen averages 24° F. In the hottest month, August, it averages 76° F. At Harbin, 578 miles to the north of Dairen and standing on the western section of the mighty Sungari plain, the average tem-

perature in January is below zero, and the summer heat in July averages about 72° F. In winter whenever low pressure areas develop along the Yangtze valley, a high northwester blows across the plains of Manchuria, bringing with it an extremely cold spell. In the spring terrific winds come out of the Mongolian plains. The great plains of Manchuria are heir to all the violent changes of a continental climate.

The rainfall in Manchuria amounts to about one half to one third of that of Japan, and about half of it comes in the two summer months of July and August. It is this downpour which causes the periodic floods in the valleys of all the great streams of the land from the Liao to the Nonni. In winter, which is dry, one rarely sees a foot of snow on the ground. The crops and all vegetation suffer from the lack of this blanket protection of snow. It rains more in the northern section than in the country south of Mukden. About Changchun there are some 80 to 90 days of rain a year; in southern sections not more than 60 to 70 days yearly. What hurts Manchurian farms more than anything else is the lack of sufficient moisture at seed-sowing time. It often altogether prevents the seeds from sprouting. Small wonder that drought is considered one of the major curses of nature by Manchurian farmers.

In South Manchuria the River Liao begins to freeze in the middle of November, and by the middle of December it is frozen all over. It remains frozen until the close of March, some ninety or more days of the year. River men count on 140 days of open season on the average. In North Manchuria the Sungari freezes up toward the close of November and remains closed until the middle of April. The Amur freezes up between the middle of October and the early days of November and does not open for navigation until about the middle of April.

CHAPTER III

THE PEOPLE

SUCH was the homeland of the race of people called the Tungus. They were as far away and as different from the Chinese in all essential and dominant characteristics as the Anglo-Saxon is from the Jew. In those twilight days of history while a wolf was still suckling Romulus on the banks of the Tiber the Chinese knew the original owners of the present Manchuria under the vague name of Sushen. They centered about the upper reaches of the Hurka River and along the Sungari, minding their own fields and flocks and nothing else. The future had much in store for them. The present people of Chosen and of Nippon are the posterities of the Tungus more than of any other races.

From the very dawn of history this race showed promise of its great destiny. The Tungus were, like Genghis Khan and his followers, hunters, nomads, warriors and herdsmen. They were no doubt closely allied to the Mongol Tartars in blood. But they were also, unlike them, but like the Chinese to the south, tillers of the soil. It is this combination of occupations by this singular race that tells a story that is really big. The racial trait which this combination of their occupations indicates came to flower in the rise of two states in the valleys of Manchuria—the Kaoli and the Fuyu State.

The people of Kaoli were largely huntsmen and warriors. They rose to power some 1,800 years ago, about the middle of the Han Dynasty in China. They centered in the valley of the Yalu and dominated most of what

Street scene in the old walled City of Mukden showing famous Bell-Tower

is now North Chosen and the eastern section of the valleys of the Sungari and the Hurka in Manchuria. "Corea" is doubtless a corruption of Kaoli.

The State of Fuyu spread over the plains of the Nonni and into the western valley of the Sungari and centered about where the present cities of Changchun—the northern terminus of the South Manchuria Railway—and Nungan stand. Unlike the Kaoli, the people of Fuyu were farmers.

These two states maintained their supremacy for many years, until toward the close of the Han Dynasty. The Fuyu went first, and then the Kaoli were crushed by the aggressive imperialism of the Tang Dynasty of China. On the wreck of the two states rose the Kingdom of Pohai, which marked the triumphal entry of a northern tribe called Kitan into the plains of Manchuria. The Kingdom of Pohai extended its sway from the Yalu valley on the east up along the valley of the Sungari and its tributaries past the present Mukden (which in those days was known under the name of Shenchou), and took in the old state of Fuyu around Changchun and Nungan. The Pohai lasted about 300 years. With the decline of the Kingdom of Pohai the old Manchu stock came again to power under the name of the Kingdom of Kin, the Golden. It was some 800 years ago. With the coming of the Kingdom of Gold Manchuria entered into the practical politics of continental Asia as one of the leading actors.

KINGDOM OF KIN

From its base at Paicheng near the present city of Harbin the Kin extended its domain eastward into north Chosen. To the west and south it overran the old state of Pohai of the Kitan. The Chinese under the Sung Dynasty entered into a secret understanding with the

Kin—whom, by the by, the Celestials had ridiculed and despised as northern barbarians—to destroy the declining Kitan power of the Pohai Kingdom.

This was not the first time the foxy method of Chinese diplomacy played such tricks. It was one of the barefaced examples of it, however. Long before this the Chinese had entered into the intimate alliance of brother states with the Kitan under blood oath. It was due to this alliance with the Kitan that China had escaped invasion from the northwest and otherwise had gained a great deal of prestige and actual advantage. Now dastardly betrayal of the brother state did not seem to weigh heavily on the Sung Dynasty.

The Chinese secret understanding with the Kin was that they would co-operate in destroying the Kitan. The bargain was that China was to get the seventeen prefectures in the Liao valley, but under no condition were the Kin to push their conquering march south of the Eternal Wall. Because the Chinese exacted this promise from the Kin not to march south of the Wall, the Chinese on their part agreed to take the southern capital of the Kitan state. But a battlefield is not always as smooth as a Chinese diplomat's tongue. When the Kin forces made good their part of the bargain the Chinese were found powerless to take the southern capital of the Kitans according to promise.

The Chinese, therefore, had to break their part of the bargain and ask, demand hysterically, the immediate aid of the Kin, who marched south to assist the Chinese in taking the southern capital city. In other words, the Chinese were forced to invite the Kin to make the southern entry which it was particularly stipulated that the northern barbarians should never do. The Chinese, not for the first time, became the victims of their own double-crossing cleverness.

In an incredibly short time the Kin forces drove every-

thing before them in their southern descent. They captured the capital of the Sung emperor and made their victorious way across the great Yangtze River into Kiangning and Hanchow. The Kin were the masters of the northern half of the Chinese Empire. The Kin capital was moved from near the present city of Harbin south to Peking.

Here was the first chapter in the "barbarization" of the Central Bloom. Here out in the Far East the Kin warriors were tracing the same historic trail which the Visigoths and the Vandals had tread into the Eternal City some seven hundred years before them. In the China of the Sung Dynasty the continental culture of Asia had come to its apogee. Last year I wandered through the rooms of the Palace in the Forbidden City of Peking where the art treasures of the Imperial collection were displayed. There were many works of art from the Sung Dynasty there. The perfection achieved by them was nothing short of miraculous. It was difficult indeed to conceive how the ablest artists of these our boasted days can come within a hundred miles of the pictorial and the glyptic art attained by the craftsmen of the Sung period whose handiwork was before us.

But did the Kin "barbarize" the Sung culture?

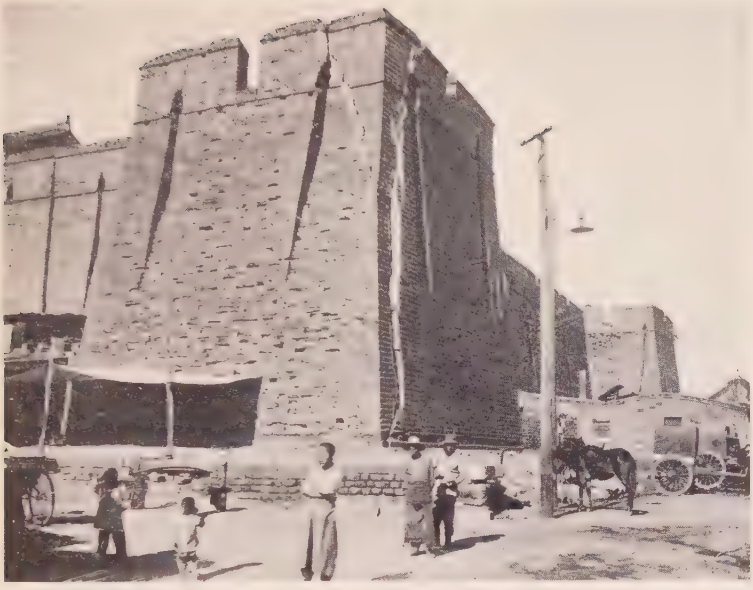
Here History has a curious and happy surprise: it was the Sung culture of China which conquered the conquerors. Within less than thirty-eight years, it was said, the Kin conquerors actually forgot even their own primitive language. They surrendered body and soul to the soft lure and the glittering magic of the Chinese culture. The ease and luxury of the Sung civilization softened the hardy warriors of the victor race with astounding rapidity. In little more than ten years after the founding of the Kingdom of Kin they had brought the northern half of China under their banners. And almost in as short a time they were completely overwhelmed by the deadly

effects of the soft silks, the rich foods, and the excesses of the Sung culture; so much so that when Genghis Khan and his rugged hordes rose in the up-country of the Onon River, the once sturdy ranks of Kin warriors were laid down as a ripened field.

It was once more the slimy, double-crossing diplomacy of the Chinese that brought about the destruction of the Kingdom of Kin. The Chinese entered again into a secret alliance, this time with Genghis Khan against the Kin, precisely as they had joined the Kin to stab the Pohai in the back. The advance of the Mongol conqueror swept Manchuria and crushed the Kingdom of Kin in the dust. That did not help the Chinese much, however. The same Mongol hordes trampled China under the same old iron heels quite as thoroughly as they trampled Manchuria. When Kublai Khan established himself at Peking in 1264, the far-sung Dynasty of Sung was no more. It had gone its way to join the memory of the Kingdom of Kin in the common grave of dead empires.

The Mongols gave the Chinese the first foreign dynasty in their history—the Yuan Dynasty. The Mongol Empire of the Great Kublai Khan was the nearest approach to a World Empire known to human memory. It turned the most ambitious achievements of European empire merchants, such as Alexander, Cæsar, Napoleon, into a collection of childish laughs by comparison. But it, too, like all other human bubbles, went rather quickly. A young bonze—that is to say, a priest—poor and plebeian, drove the Mongols out of China and put it once more under a Chinese dynasty, the Ming.

The greatest of all conquerors defeated, subjugated, trampled down the men of the Kin; but the Manchu tribesmen were never annihilated. In the days of the Ming Dynasty in China the posterity of the men who had carried the name of Kin over the northern half



Section of the ancient wall of Mukden

A typical Mongolian fortress

of China were known under their old tribal name of Nucheng (Nuchih of occidental writers). One group of them, called Haisi Nucheng, was still in possession of the western portion of the valley of the Sungari, from the present Petuna to Harbin. Another group, which dominated the section of the country from the east of the Changpai range to the valley of the Hurka, all about the Sansing district, was called Chienchou Nucheng. There was still another group of Nucheng over both banks of the Amur—the Wild Nucheng of contemporary chroniclers.

These Nuchengs woke up one fine day and found their leader in a chieftain called Nuerhachih (the Noorhachu or Nurhachu of some of the occidental writers) who was based in the castle at Hotuala. His tribesmen knew him under the ferocious name of "Dragon-Tiger General." The days of the Ming Dynasty were numbered. In 1616 Nuerhachih rose against the Ming, calling his domain the Kingdom of Later Kin. He took Mukden, Liaoyang, and Kaiyuan and drove the Chinese before him in the valley of the Liao. But he never was able to break through Shanhaikwan and the Eternal Wall. At his death, in 1626, his fourth son succeeded him. This young man became famous as the founder of the Taching Dynasty. In 1636 he changed the name of his state from the Kingdom of Later Kin to Taching. This leader also gave the name of Manchuria to the land of Nuchengs for the first time in history. The name of Manchuria, therefore, dates from 1636.

TAITSUNG'S FOREIGN POLICY

At the time when Nuerhachih rose at the head of the Nuchengs and founded the state of the Later Kin he and his people had an abiding respect for their neighbor to the west, the posterity of Kublai Khan and his Mon-

gols. About the first large move Nuerhachih made was to enter into an alliance with them, a defensive and offensive alliance, in the latter-day diplomatic parlance. The Manchu leader's eyes were ever centered on the conquest of Peking. It was an adroit move and served him admirably all through his struggle with the Chinese.

With his neighbors to the east, the people of Chosen, he had a great deal of trouble before he could bind them in a friendly tie. The dwellers in the Chosen peninsula east of the Yalu did not think much of the Manchu at first. They had watched the Nuchengs making their difficult way over the Liao valley. They saw that the Manchu always stopped at the Eternal Wall. Therefore they rather sided with the Ming Chinese than with their Manchu neighbors. That did not please the Manchu leader at all. There was just one thing which could gain the respect of the Chosen people—a stiff licking in a pitched battle. In 1628, Taitsung, son of Nuerhachih, seized the first difference that arose between his people and their Chosen neighbor and invaded Chosen. It ended in a treaty which was not entirely satisfactory to the Nuchengs. It was more unsatisfactory than the Nuchengs believed, for the Chosen ruler had no intention of fulfilling its terms. This soon ended in a second invasion of Chosen by the Manchu and a second treaty, one of the cardinal articles of which was a pledge by Chosen to break off absolutely from the Ming Chinese; that Chosen would send its forces promptly on a specified day, when the Manchu would rise to attack the Ming Dynasty.

Thus fortified on both east and west frontiers, the Manchu was ready to act.

But it was not Taitsung, the founder of the Taching Dynasty, who destroyed the Ming régime in China. That was wrecked from within. A rebel chief called Li Tzecheng took Peking, and the last of the Ming Em-

perors hanged himself in the Third Moon of 1644. Taitsung had died very suddenly, about half a year before the Ming Emperor's death. Taitsung's son, a mere infant, succeeded him. The real power of the Manchu was in the hand of the younger brother of Taitsung, who acted as a sort of Regent to the boy sovereign. It was he who led his 100,000 Manchu stalwarts into the region west of the Liao River to complete the work of his elder brother—the conquest of China.

The Ming commander, Wu Sankwei, who had been detailed to crush the Nucheng forces of Manchuria, was at Shanhaikwan. He had received the details of the fall of Peking and of the suicide of his master. General Wu took a heroic step: he turned to his enemy the Manchu chieftain and asked for his assistance to crush the rebel Li at Peking and thus avenge the death of his master the Ming Emperor. The Manchu leader complied with the request of General Wu forthwith, and together they marched against the rebel at Peking, which they entered unopposed in May, 1644. The infant Manchu Emperor moved his capital from Mukden to Peking in September.

The Manchu dynasty of Taching was proclaimed over all China on the first of October of the year 1644.

MANCHURIA UNDER TACHING DYNASTY

With the Manchu Dynasty upon the dragon throne at Peking, the decline of Manchuria began. It came about in two ways. When Nuerhachih in the quiet of his Castle in Hotuala first dreamed of extending his sway over the fruitful provinces of China Proper, he did not put in all his time just to enjoy the rose tint of his dream. Instead, he went out and formed his Eight Banners, whose fame was destined to cover the battlefields of northern China. Each one of the Eight Banners had 7,500 picked

warriors under it, an army corps of 60,000 men who were the flower of Manchuria's fighters. The Eight Banners were constantly and continuously recruited. Nuerhachih had a large force of trusted officers out in every district and section of Manchuria for no other business than to gather the strong and the brave out of the young men of Manchuria.

When the Manchu emperor went into China his Eight Banners followed him there. They were the trusted guardians of the throne, the foundation of his power. The ranks of the Banners were filled with the selected men from all over Manchuria: not a single Chinese was allowed to join them. The recruiting went on in season and out of season, year in and year out. The constant and persistent drain on Manchuria's young-manhood told in the end. Farms went back to weeds. There were only old men and women and weaklings left in the Nucheng villages in the valleys of the Yalu and the Tumen, around Sansing in the valley of the Sungari, and on the Liao and the Nonni plains. All the towns and cities of Manchuria were more than half dead, and the traveler through them in those days thought of mildew more than of anything else. All Manchuria was threatened with depopulation. That was one thing. Then there was another.

To the valley of the Liao, in the present South Manchuria, there had come many industrious farmer immigrants from China who had cultivated the fields there. As the whole of the Liao valley—by far the most fertile agricultural section in the whole of Manchuria in those days as it is to-day—turned into battlefields where the Manchu forces fought the Chinese back and forth and time and again, the Chinese farmers fled for their lives. By the time the Manchu Dynasty had gained the dragon throne hardly one tenth of the cultivated fields of the Liao valley remained under the hoe.

Farms were not the only things which were deserted. The enterprising among the Manchus left for Peking and other trade centers of the Chihli Province, so emptying the Manchurian markets.

The situation became so serious that even the victory-drunk Peking court of the Taching woke up to the danger. Imperial orders went out of Peking to all the local authorities in Manchuria to take measures to encourage farming among the people. Laws were framed and promulgated for the same end. The Government took upon itself to parcel out the abandoned lands among the nomad or floating population and to anybody who would cultivate them, free of charge.

That was in 1644. Seven years later, the Government issued orders to allot the abandoned or undeveloped land outside of Shanhaikwan to farmers, and to provide them with special protection under local administrative offices. Rank and monetary rewards were offered to large contractors called Chaotou, according to the number of farmers they induced to settle down on the deserted farms of Manchuria. The Government furnished the farmers with seeds and with feed, and loaned 20 head of cattle to each group of 100 farmers. All these strenuous efforts failed, however. Seeing their failure, the Government in 1668 repealed the laws and regulations favoring the farmers.

The seductive offerings of the Government at Peking to cover the deserted fields of Manchuria were not made to Chinese farmer colonists. These were rigorously excluded from the soil sacred to the reigning house of the Taching. The Manchu did not wish their homeland polluted by the subject Chinese; and when the Government found it well-nigh impossible to carry out the exclusion law to the letter along the border north of Shanhaikwan, it devised a primitive form of passports, or identification cards, without which a stranger could not

pass through the barrier into Manchuria. This made it difficult for Chinese to invade their natal land.

The attrition of Manchuria went on apace. It presented the strange aspect of a country getting emptier and deader with every season that came and went, until it practically disappeared from the history of the Far East for nearly two-hundred years, while yet the Manchu Dynasty at Peking was lording it over the Eighteen Provinces of China Proper.

EXCLUSION POLICY OF THE MANCHU DYNASTY

Back of the obstinate exclusion policy of the Manchu there were two reasons. One was sentimental, racial, as has been mentioned above. The Manchu did not wish their soil degraded under the feet of the subject Chinese; they did not wish the purity and integrity of their race polluted by mixing with foreigners. The fighting clans of Manchuria especially, and with considerable justice, feared that the keen fighting edge of the Manchu race would be blunted if their young blades mingled too freely with the race of farmers and market men from the south.

There was another reason, too—the reason which made the exclusion of the Chinese from Manchuria more rigorous and more persistent. That reason was economic. Manchuria had from time out of mind been famous for her wild ginseng. This modest herb was prized by the Chinese and the other peoples of the East for its medicinal virtues. It had been one of the three chief products of Manchuria. It had enjoyed a high rank always among the export commodities of the country. Now the gathering of ginseng was the monopoly of the reigning house of Manchuria and of its nobilities. It was one of the chief sources of their revenue. Neither the common people nor even the Banner men of Manchuria had the privilege of gathering the precious herb.

It was one of the shining articles which excited the cupidity of the Chinese who smuggled themselves into Manchuria. The more rigorous the law of prohibition against the gathering of ginseng, the more active and aggressive became the Chinese in gathering and smuggling out the treasure herbs by stealth and underhanded methods. The ginseng grew in remote regions of the Changpai mountains, an ideal place for thieving operations. The Chinese were clever and wide awake, and the Manchu guards had the traditional habit of nodding on the job. The result of the whole thing was that the income of the Manchu lords suffered considerably from the Chinese thieves. The Chinese greed was much stronger, cleverer, and more aggressive than all the laws and edicts of the Manchu court. When the Peking Government in 1663, a year after the ascension of the famous Emperor Kanghsi to the throne, made it more difficult than ever for the Chinese to steal into Manchuria through the pass in the Eternal Wall at Shanhaikwan, by transferring the right of issuing passports from the local office at Shanhaikwan to the Central Military Department at Peking, the Chinese took to boats and smuggled themselves overseas at the site of present Port Arthur and at the mouth of the Yalu on the Yellow Sea.

HOW THE CHINESE CONQUERED MANCHURIA

In the end, however, and of course, it was the Chinese who conquered the homeland of their conquerors. The first break came not from the Chinese but from the Manchus—from within the famous Bannermen, the foundation of Manchu power.

It was not the Chinese who broke the spirit of the Bannermen: it was poverty. Two things came to pass which brought about the financial troubles of the Manchu

fighters. One was the sudden rise in the cost of living. The other was the steady increase of their number in the new home at Peking.

At the time the Manchu court moved from Mukden to Peking, the number of the Bannermen who accompanied it south was estimated at 80,000. Wherever the Manchu court went they went; for, as has been mentioned before, it was upon the Eight Banners that the power of the Manchu rested. The ease and luxury of Peking life—and not so many years of that either—translated the rugged warriors of the north into a race of courtiers with greed for graft and such easy-street habits as scandalized even the original masters of them, the Chinese. In the days of Emperor Shunchih and even in those of Kanghsi, the highly modern—and ancient—disease of H. C. L. was not much bother to the Manchu Bannermen. Even in gay Peking things were quite cheap. The allowance the Bannermen received from the free-handed court was quite ample to cover all their needs. But the piping days of Peace—which followed—had their own plague. Luxury climbed the stair that had no top step to it, and soon these Manchu Bannermen were toiling with their brows knitted, like so many New Yorkers of the golden present, over the problem of making ends meet.

At the time when the Manchu made their triumphal entry into Peking they found all about the palace a number of vast estates which the courtiers and princes of the Ming régime had abandoned in their flight out of the capital. The Manchu court confiscated them all, of course, and parceled them out to its own friends. A good deal of this real estate fell into the hands of the Bannermen. This was done to hold the Bannermen in certain specified localities near the palace, to keep them from scattering away in all directions, to keep them separate and distinct from the Chinese—which, by the by,

Junk harbor at Dairen, off Russia Street Pier

was a wise measure, preventing their getting into endless trouble with the natives—and to insure protection for the throne. The Bannermen were not allowed to move out of the specified localities. They were absolutely forbidden to follow a commercial activity of any kind; they were not allowed to intermarry with the Chinese. And by the ordinance issued in the seventh year of Emperor Shunchih, they were absolutely forbidden to sell their land-holdings.

But when men need money badly it usually makes them think. It actually forced the Manchu warriors to that rather effeminate and uncommon exercise. Out of their profound meditation they came up with a scheme of leasing called *tienti*. It was simply a long-term leasing and often ended in the loss of the property in a way with which we of the highly civilized present are thoroughly familiar. The loss of land happened to the Manchu Bannermen with almost monotonous regularity, as a matter of historic fact. The Bannermen type of Manchus came from herdsmen ancestors who loved to fold their tents quite as much as to pitch them beside singing brooks in pastures new. They were strangers to that land-hunger to which a farming race like the Chinese is heir. The loss of their lands weighed lightly upon them. It was a regular thing for a Manchu Bannerman to turn over his land to a Chinese tenant farmer, make him do the work, and get a certain percentage of the yield without lifting a finger. But once his land was leased, it was practically good-by for the Manchu.

There was another thing which drove the Bannermen into a bitter struggle. Their number increased scandalously in the kindly atmosphere of Peking. The 80,000 of the year 1644 increased to 120,000 toward the close of the seventeenth century, in the days of Emperor Kanghsi. What was particularly alarming was not so much the increase of the Bannermen themselves.

It was the increase of idlers and dependents in the families of the Manchu warriors. Only the eldest sons among them could succeed their fathers as Bannermen. The younger sons became so many parasites. The same thing happened to the members of the Manchu nobility. The aristocrats who moved into Peking with the first Emperor of the Taching Dynasty numbered about 2,000. That was quite a handsome crowd, as armies of parasites go, but they multiplied like flies.

PLANTING BANNERMEN IN MANCHURIA

Just what to do with the steadily increasing army of these idlers became one of the really big questions of the Manchu statesmen. Why not plant these superfluous Bannermen on the choice sections of Manchuria's productive fields? The Peking court acted upon it. In 1744 the Government picked 3,000 men out of the dependents and idlers in the families of the Eight Bannermen and sent them to two points in the Province of Kirin in Manchuria—the two sections in the upper reaches of the Sungari where the soil was fertile and had the advantage of the ready transportation facilities of the river. The paternal Manchu court at Peking was extremely kind to these sons of Bannermen. To every family commanded to depart for Kirin the Government gave a sum of money to prepare itself for the journey. All along the line of its travel back to its natal soil, the Government provided it with carts and horse-feed. As soon as the colonists reached the land provided for them, the Government gave them a certain amount of silver to start them in business; gave them a plot of land and a house to live in. The Government did not stop there. It gave them seeds and implements, even to the harness for the cattle to work the fields with, and looked after their needs to the smallest detail, that they

might begin their new life of farmer reservists with the happiest start imaginable.

Some of these men who obeyed the Governmental summons to the Manchurian fields had no idea of making a permanent stay on the farms the Government had provided for them. In many cases the men started out of Peking all alone, leaving their families behind in the city. The more the Government helped them, the lazier they became. By the time they had spent the capital funds in silver given them to start the farming business they were ready to run away. Many of them succeeded in stealing away from the new colonies and returned home to Peking.

Just about this time the country suffered from various uprisings and civil wars and the whole alluring scheme of hitting two birds with one stone, of rescuing agricultural Manchuria from returning to its wild state and at the same time solving the trying problem of giving something to do to the ever-increasing idle hands of Bannermen in Peking, was completely smashed. The Government, however, never gave up its pet scheme in utter despair, even though its troubles grew faster than a snowball. All through the tortuous days of civil war the Chinese rarely neglected to take advantage of any opportunity that came their way to smuggle themselves into Manchuria. It was not difficult for them to slip through, now that the country was everywhere disordered, and they passed in like so many eels through muddy waters.

This increase of the Chinese invasion into Manchuria made the Peking court feel more keenly than ever the imperative necessity of planting the Bannermen back on the soil of Manchuria. With the end of the civil war, therefore, the Government returned to the same old job in the same old way. But time and again the old, old story of utter failure was repeated. On the other hand,

in the face of all sorts of exclusion measures by the Government, the Chinese who stole into Manchuria kept on increasing in number. There was nothing mysterious in this. No race known to history has ever beaten the Chinese in patience and persistence of striving for the thing their hearts desired. Aside from that, there was the whip of real and stern starvation driving them out from the congested districts of Chihli and Shantung into the open fields of Manchuria. As if that were not enough, there was another factor. Native Manchurians who owned the land liked the Chinese workmen to come into Manchuria. Why? For just one all-sufficient reason: they could turn over the farm lands to the Chinese and enjoy their simple life by the sweat of somebody else's brow.

In 1784 Chinese succeeded in entering the northern valley of the Liao River where the stream takes a turn toward the south and joins the East Liao. Seven years later saw the beginning of the movement of Chinese into the Changchun and Nungan district which laid the foundation of the present-day prosperity of the City of Changchun. When the Peking Government woke up to the presence of a large Chinese community in that section it was too late. There were more than 2,300 Chinese families in the section then, all working the land as petty tenant farmers. Their industry formed a large part of the economic prosperity of the country. It was utterly impossible to drive them out: it would have spelled a catastrophe to the whole countryside. All the Government could do was to restrict the Chinese activities to a definite section of the land. So about the year 1800 the Government established an administrative office at Changchun to look after the Chinese colony. The opening up of the Changtu district followed close on the heels of the opening of the Changchun section. A special officer was detailed to watch over the Chinese there in

Changchun Railway Station of the South Manchuria Railway

1806. After that a large number of Chinese made their way into the very imperial holdings all about Mukden. Not so many years later new Chinese immigrants into the Changchun section went over the 10,000 mark. The flood-gate was open wide at last.

REAL CONQUEROR: THE CHINESE COOLIE

These Chinese workers entered Manchuria literally with empty hands. They were not armed. No shrewd diplomacy, no overpowering prestige of a mighty state backed them: they were nothing more than so many outcasts of a subject race, driven by starvation. They had no governmental subsidy such as the Manchu Bannermen had; nobody gave them free land or free seeds. They entered a strange land without a guide, without protection. Official kicks met their faces every way they turned. And they conquered.

Without a banner, without an oration—without three cents' worth of firecrackers. And the quality of their victory was such that beside it the near-world Empire of Kublai Khan turned into a soap bubble at the end of a child's clay pipe.

The Yuan Dynasty, which he had founded at Peking in 1260 A.D., was thrown upon the junk-pile of Empires precisely one hundred years later, in 1360. There are few historians to-day who choose to waste their leisure on its rusty relics. There is no heroic year in the chronicle of Manchuria that bugles the entrance of her conqueror, the Shantung Coolie, into the Eastern Three Provinces. But we know that even back in the days of the Kingdom of Kaoli there were Chinese farmer settlements in the valley of the Liao which Kaoli warriors used to raid and loot. Ever since, Chinese have kept on filtering into Manchuria—kicked, despised, "excluded," and discriminated against. And the result?

To-day, 564 years after the passing of the greatest empire the world has ever seen into nothing more than the vaguest sort of nightmare, we face this outstanding fact: More than 90 per cent. of the total population of the present-day Manchuria are the descendants of the humble Chinese who stole into the country.

Just what, then, was their weapon which proved ever so much more powerful than the sword? It was not the pen, certainly. Most of the Chinese coolie founders of the agricultural empire of Manchuria could not write their own names. There is no miracle connected with their achievement, either. The answer is as simple as it is apparent. It was the ability of the Chinese coolie to live on cheap, coarse food—such food as is given to cattle in other lands—the Manchurian millet called kaoliang, beans, and pickled vegetables. Not only that but thriving on it. Even to this very day the physique, the power of physical endurance, of the Chinese coolie is the eternal wonder of the Japanese. Beside the Chinese coolie the Japanese workmen are pale and puny. With all the sensational and scandalous rise in living expenses in the Far East in recent years, I found, last year, the coolies in Manchuria were living on seven cents a day.

When the Chinese entered Manchuria they walked with the furtive steps of a thief. Indeed, they were law-breakers—criminals in the eyes of the Manchu law. They bowed in the dust before the Manchu landlord: got the job of a petty farm laborer. Their one passion seemed to be patient, eternal toil. Nothing stopped them in their work. And in that manner they laid the foundation of economic and financial power. But they never made speeches over it. When their Manchu landlords wished to lease the land they spoke, for they were ready to put up the money. When the land changed hands, it was from the hand of the original Manchu

owner into that of a Chinese tenant farmer. Settled on their own piece of land, they called across the Yellow Sea to their kinfolk whom they had left in their home villages in Shantung. The kinfolk came and joined them. The history of the Agricultural Development of Manchuria is merely the story of the Shantung Coolie, nothing more.

ENTER CHINESE MERCHANTS, ALSO

The Chinese merchants from Chihli followed the farmers from Shantung into Manchuria. Unlike the penniless coolie farm laborers, these merchants had their main stores in the various cities of the Metropolitan Province of Chihli. They entered Manchuria and there opened many branch stores at various important towns and cities. These stores carried almost all the simple life necessities of the Chinese farmer, so that he could step into one of them and get all his needs supplied at one shop. These stores also carried cotton goods, patent medicines, and other articles in answer to the demands of Manchu natives. In no time at all they were the masters of Manchurian markets. And as masters they have continued ever since in the face of other nationals entering, led by Russians and Japanese in recent years.

The Shantungese who crossed over to Manchuria were not all farmers. A large number of them went up the Yalu into the Changpai mountains for the secret gathering of ginseng. While hunting for the precious herb many of them stumbled on gold-bearing alluvium in the Chiapikou district. The miners and ginseng-hunters built up the flourishing community of more than 25,000 people at Chiapikou, in the heart of the mountain.

MANCHURIA OFFICIALLY OPENED TO CHINESE IMMIGRATION

In 1803 under Emperor Chiaching one section of Manchuria was officially opened to Chinese immigration. Under the same Emperor the Chinese in Manchuria gained legal status of a sort and were graduated from the outlaw class. And in 1813 even the Bannermen in outlying districts were placed under the prefectual administration, which governed the Chinese and Manchus alike. In 1852 the law was promulgated which granted to the Chinese free and legal purchase and sale of properties with the Manchu, so that a Chinese could buy a piece of land from a Manchu without going through the elaborate fiction of a lease. This law, however, was restricted to China Proper and did not extend to Manchuria. The Manchurian restriction remained more or less effective until 1905, when it was nullified by the Military Governor of Mukden.

Toward the middle of the Nineteenth Century China was in the turmoil of a civil war. To fill her cup of bitterness came also the foreign trouble. The British forced the opium war and walked away with the Treaty of Nanking of August, 1842, and the island Hongkong. In less than twenty years after that, in 1860, the allied forces of France and Britain marched into Peking, and the Court fled to Jehol. The Peking Government had no time to think of Manchuria, let alone bother with the Chinese immigration there. When the Central Government at Peking thought of Manchuria at all it was in terms of getting some funds out of it.

The Peking treasury had been so repeatedly and riotously squeezed and pumped, because of both civil wars and foreign wars, that it looked about as nourishing as a dried-up drinking-hole in the Gobi desert. A bright idea struck the Peking statesmen: Why not dig revenue

out of the virgin soils of North Manchuria? In 1860 the Military Governor of Amur Province opened up the Hulan plain. The whole western plain of the Kirin Province drained by the Sungari was opened in the following year. And in 1868 the proposal of opening the Imperial preserve, the most exclusive of all the exclusive territories in Manchuria, was finally approved. While all these different sections of Manchuria were being thrown open anarchy and bandits were sweeping the provinces of Chihli and Shantung. And to the people of the two suffering provinces the open door of Manchuria looked like the Pearly Gates standing ajar before their eyes while the flames were raging at their backs.

This time it was a flood tide of Chinese refugees, chiefly from the densely congested provinces of Chihli and Shantung, that broke on Manchuria—coolies, merchants, scholars; men and women of all types and all social grades.

In 1875 the military governor at Mukden took away all the legal fences between the Manchu and the Chinese residing in Manchuria and placed them on entire equality in the eyes of the law. And in 1878 the military governor of Kirin actually opened a colonial development bureau and publicly invited Chinese farmers to come and open up the very heart of Manchuria.

The victory of the despised Chinese was thus complete.

CHAPTER IV

THE COMING OF THE RUSSIAN

The Treaty of Nerchinsk of September, 1689, was the first treaty China signed with a European power. It was with Russia. The Peking Government appointed two Catholic missionaries, Père Gerbillon and Thomas Pereyra, a Hollander, to accompany their delegation as interpreters. They were the real spokesmen and negotiators on the Chinese side. At this first historic meeting it was the Middle Kingdom which dictated and Russia that bowed. This treaty brought Russia definitely on the northern boundary of Manchuria, however, along the Amur and on the Argun River.

One hundred and sixty-nine years later Muravieff—he who became famous as the prophet of the highwayman policy of Russian imperialism in the Far East—appeared at Aigun. He had carefully draped the Amur with more than 12,000 Cossacks at various strategic points along the great stream. Standing against that background, he forced, and with comparative ease, from the distracted Peking Mandarins the now famous Aigun Treaty of May, 1858. It handed over to Russia the whole vast empire north of the Amur River. This time it was not the mere geographical approach of a neighbor power that Manchuria felt: she darkened under the shadow of a beast of prey with a thirst for blood and territory which was thoroughly modern, European, not at all like the classical appetite of mythological monsters in the mountain caves of old China.

In 1859 General Ignatieff entered Peking as the Russian Minister. In the fall of 1860 the allied forces of

Manchuli Station on the Chinese Eastern Railway, on the border of Manchuria and Trans-Baikalia

Within the Walled City of Tsitsihar

France and England marched on Peking. They gave to the most ferocious and depraved of old-style Chinese bandits many points in the art of looting and pillage, made them look in fact like a lot of Sunday-school children raiding their mothers' pantries. They burnt down Yuan-ming Yuan, that pearl of a summer palace, which all the wealth of this our boasted day and all its art and culture can never hope to reproduce in a thousand years. The Imperial Court fled to Jehol. Through the unspeakable mess flowed a turbid stream of chaos and of blood, an ideal stream for a politician to fish in. And on its bank sat a master fisherman—the Russian Minister. While the allied forces were marching on Peking he told the Peking Court, in the politest manner imaginable, what Russia wanted. When the Chinese became absent-minded he hinted that the Russian fleet would be ordered to Peitang forthwith. Then suddenly he turned round and offered the suffering Peking court guns and war supplies. He talked to the allied commanders, too, when they got to Peking. He persuaded them to come to terms with China—on their own terms! When they were gone, after doing all the damage they could think of, and when the frightened Imperial Court returned to Peking, General Ignatieff posed as a leading man playing hero in a melodrama: was he not the savior of China? So stupendous was his nerve (and he had a good deal of art, too) that he got a prize package sometimes known as the Peking Treaty of November, 1860. Wrapped up in it was the Maritime Province—the empire taking in the whole territory east of the Ussuri River to the Sea of Japan—of more than 933,000 square miles. Big enough land to cut out six Japans-Proper and have more than 40,000 square miles left over.

So Russia closed on Manchuria on the east, as on the north, down to the mouth of the Tumen River on its Chosen frontier. That is a few waves below Peter-

the-Great Bay, on which Count Muravieff had taken precious care to found the port of Vladivostok and occupy it with his soldiers for the accommodation of the Russian Far-Eastern Fleet.

But that was a mere hint, a bare beginning of the troubles for Manchuria from the general direction of Russia.

In those days there lived in Peking an old man whose name was Li Hungchang. He had a palm that itched continuously and fervorously. It demanded oiling. One of the greatest oilers known to history was at Peking in the person of the Russian Minister there. So M. Cassini and Li used to come together a good deal. When old man Li started for the coronation ceremony of Tsar Nicholas II, in March, 1896, he carried with him a pretty substantial fruit of his many meetings with Cassini, who had oiled his palm enthusiastically.

On March 27th, 1896, a foreign-language newspaper at Shanghai published the text of what comes down to us through the whispering gallery of History as the "Cassini Convention." The reader will find it in Appendix 4. Whether this secret convention was actually signed or not is still an open question. But that does not matter. Most of the important promises contained in it were made good by China.

The main thing in it was the concession of the right of building what is now called the "Eastern Chinese Railway"—extending the trans-Siberian Railway through the heart of Manchuria and connecting it with Vladivostok, with the permission of stationing armed railway guards. By way of good measure, the right of exploiting the mineral wealth of Manchuria went with it. Then there was another thing in it—a kindly thought by Russia of letting Chinese employ the Russian military officers if and when the Chinese took the notion of westernizing the army of Manchuria.

All the railways to be built by China in Manchuria, from Shanhaikwan to Newchwang, to Chinchow, to Port Arthur, to Talienwan (the present Dairen), were to follow the Russian railway pattern, for no other reason whatever than to facilitate commercial intercourse between the two countries.

In addition to the above highly profitable things—for the Russian territorial hunger—China agreed to fortify Port Arthur and Talienwan with all haste. Russia agreed on her part generously to assist in this good work. It was not hard to understand this Russian generosity. Look what China consented to do for Russia:

"If in future the exigencies of the case require it and Russia should find herself suddenly involved in a war, China consents to allow Russia temporarily to concentrate her land and naval forces within the said ports in order the better to enable Russia to attack the enemy or to guard her own position."

As if these were not handsome enough fruits for the concentrated and expert oiling by M. Cassini of the old palm of Li Hungchang, there was another pretty gift for Russia included: namely, the fifteen-year lease of Kiaochou in Shantung, which in later years made the name of Germany infamous in the history of Far-Eastern diplomacy.

RUSSO-CHINESE TREATY OF ALLIANCE OF 1896

In Russia Li Hungchang met a princely reception. Whether the Cassini Convention was signed or not, there is little doubt that Prince Lobanoff's conversation with Li Hungchang traveled along the lines the famous secret understanding had indicated. The Li Hungchang-Lobanoff treaty of defensive and offensive alliance of May, 1896 (Appendix 5), was the outcome of the chats they had together in Moscow. The military alliance was

directed against Japan. Russia and China would support each other with all their land and sea forces, and would make peace together. This treaty conveyed also the center and circumference of all Russian desires: the concession for building the Chinese Eastern Railway through the Heilungkiang and Kirin Provinces of Manchuria to connect Vladivostok with European Russia.

Prince Lobanoff was then the Russian Minister for Foreign Affairs, but his was not the only hand that shaped the Treaty of Alliance of May, 1896. M. de Witte was there, also. It was largely due to his master mind that the section on the building of the railway across North Manchuria out to Vladivostok was perfected.

As soon as he received the news that the Li Hung-chang-Lobanoff Treaty was an accomplished fact M. Cassini at Peking worked aggressively and persistently for the immediate ratification of it. He found it no easy job. The Tungli Yamen—the so-called Foreign Office at Peking, which was nothing of the sort, but was a sort of a council of high-ranking elder statesmen—was not at all eager for its ratification. But of course M. Cassini was master of just that sort of game. He also was thoroughly at home in the intricate subways of political Peking in those days. He called to his aid all the underlings of Li Hungchang, and through them he succeeded in persuading the Dowager Empress to see the wisdom of siding with mighty Russia. The treaty was finally ratified September the 28th, 1896.

The formal consent of China to let Russia build the Chinese Eastern Railway across northern Manchuria was given in the agreement of September 8th, 1896, the full text of which is given in Appendix 2. The concession was given to the Russo-Chinese Bank, which was specially created by the Russian Government to finance the construction. This agreement is an important document: it laid the foundation of practically all the vital Russian

rights in North Manchuria, as an examination of its text clearly shows. It provided that the Bank should establish the Chinese Eastern Railway Company, into whose hand was to be entrusted the complete control and conduct of the main and the only artery of transportation in North Manchuria—in other words, the company that was destined to play the rôle of giver of life or death to economic North Manchuria.

Article VI of the Agreement reads:

"The lands actually necessary for construction, operation, and protection of the line . . . will be turned over to the company freely, if these lands are the property of the State; if they belong to individuals, they will be turned over to the Company either upon a single payment or upon an annual rental to the proprietors, at current prices. . . .

"The Company will have the absolute and exclusive right of administration of its lands."

The language is comprehensive: it gave Russia the right of jurisdiction over the railway zone.

What was dear to the heart of the Russian framer of the agreement crops out in Article VIII: "The Company is responsible that the Russian troops and war material, despatched in transit over the line, will be carried through directly from one Russian station to another, without for any pretext stopping on the way longer than is strictly necessary."

The Chinese Eastern Railway Company was born in royal purple. It was under the direct control of the Ministry of Finance of the Tsar. As pointed out by an American writer, "the working deficit of the line was carried in the Russian Government Budget, and a secret ukase prescribed that officials of the Railway should be subject to the same special jurisdiction as officials of the Government."

On the 28th of August, 1897, on the frontier where the Manchurian Province of Kirin and the Maritime Province of Russian Siberia come together, the first sod was cut for the construction of the Chinese Eastern Railway under an imposing ceremony before Russian and Chinese dignitaries. The work was started from Nikolsk on the Ussuri Railway on the east and from Kaidalovo on the trans-Baikal section of the Siberian railway on the northwest. This short-cut through Manchuria shaved down the distance between St. Petersburg and Vladivostok by more than 500 miles. It made the shortest international highway between Europe and the Far East.

This was the way Russia entered into Manchuria, not as a tourist or a long-distance political meddler, but as an abiding factor. There was something imposing about this first entry of Russia, something theatrical. But it was very far from a mere parade of pompous adjectives in state documents or a tinsel show of mere military menace. It got down to the economic life of the people of Manchuria first and then indirectly to that of all the other peoples of the East. Back of it all there was something which froze the very marrow of Japan.

LEASE OF LIAOTUNG PENINSULA

In November, 1897, a couple of German Catholic priests wandered out into Kiachwang in the Province of Shantung, where they had no business taking a pleasure trip. A Chinese mob murdered them. That gave the Kaiser a priceless chance of striking a heroic pose, and he delivered the "mailed fist" speech which has since enjoyed a good deal of free advertisement. A German fleet seized Kiaochou and forced the ninety-nine-year lease of it from China through the Convention signed March 6th, 1898.

All through this time Russia was silent. In the light of the fact that Russia already had the fifteen-year lease of the same Kiaochou Bay through the "Cassini Convention," this amiable silence of Russia ranks as the most eloquent silence in the diplomatic history of the Far East in recent times. Then—also silently—in December, 1897, the Far-Eastern Fleet of Russia stole into Port Arthur and Talienwan. When Russia did speak at last she sounded like a bomb—not only in the ears of China but also in those of a number of other powers, including Japan, more especially Japan. The bomb was in the shape of the Russo-Chinese convention of March 27th, 1898, for the lease of Liaotung Peninsula, the full text of which the reader will find in Appendix 8.

This convention turned over to Russia Port Arthur and Talienwan—the Dalny of the Russians and the present Dairen—for the specific purpose of creating a formidable naval base and fortified city at Port Arthur, throwing in what hinterland was thought "necessary to secure the proper defense of this area on the land side."

This handing over of Port Arthur at the throat of the Gulf of Chihli, on which stands Tientsin, the port to the capital City of Peking—a naval base which for years had been proclaimed the Gibraltar of the Far East—into the hand of Russia, was quite a dramatic event with the peoples of the East generally. It fell upon Japan as a sort of combination kick in the face and loud ha-ha. For this land which Russia took away from China was precisely the same territory Russia with the help of France and Germany had driven Japan out of not more than three years before. And on what ground? Why, on the ground that the Japanese or any other foreign power's occupation of the Liaotung Peninsula was destructive of the peace of the Far East. It was an object lesson of considerable size to Japan in the hypocrisy of European and so-called Christian powers.

The Russian Far-Eastern policy came to flower in this convention of March 27th, 1898. This and what the Russians did in translating its terms into facts following the signing of the convention, laid the foundation of the Russo-Japanese War of 1904-05. It had only nine articles in it. It had not many more than 1,000 words in it. It was the most epochal of documents as far as the destiny of Manchuria was concerned. It affected the fate of Japan as no foreign treaty concluded between two foreign countries had ever done.

It turned over to Russia Port Arthur and Talienwan on lease for the term of twenty-five years with an opportunity of prolonging by mutual consent—"for the purpose of ensuring that Russian naval forces shall possess an entirely secure base on the littoral of northern China." —Articles I and III. "The entire military command of the land and naval forces and equally the supreme civil administration" of the leased territory were turned over entirely to the Russian authorities for the term of the lease.—Art. IV. Port Arthur and a section of Talienwan were to be closed ports.—Art. VI. It gave the concession to Russia to build a line of railway connecting Port Arthur and Talienwan with one of the stations on the main line of the Chinese Eastern Railway on precisely the same favorable terms as were granted to the Russo-Chinese Bank (an alias for the Russian Government) in 1896.—Art. VIII. "All the stipulations of the contract concluded by the Chinese Government with the Russo-Chinese Bank on August 27 (September 8), 1896, shall apply scrupulously to these supplementary branches."

These were the high lights of this astounding document. Here at last the century-old dream of Russia for an ice-free port came true—and in a manner almost too good to be true. If it meant a lot for Russia, it certainly meant a great deal more to Manchuria. For

a time it appeared as if the Russian "rape" of Manchuria was complete.

BUILDING THE SOUTH MANCHURIA RAILWAY

On the 28th of March, 1898—that is to say, on the very next day after the signing of the above convention, Russians took possession of Port Arthur. That was a month and ten days before even the boundaries of Port Arthur, Talienwan, and the leased hinterland were defined. For the agreement on the details of the boundaries was signed on March 7th.

As soon as spring opened the Liao River that year the Russian engineers started work—not at Port Arthur or Talienwan in the leased territory but near the port of Newchwang, which the British had opened through the Treaty of Tientsin of June, 1858. The Russians selected a spot some three miles up the river from the town of Yingkou (which the British took as Newchwang of the Tientsin Treaty) and made it the terminus of a branch line connecting it with the main line from Harbin to Dairen at Tashihchao. This fourteen-mile branch was completed in 1899, and over it the huge quantity of rails, sleepers and other materials for the construction of the main line was rushed. There was a good reason for starting on this branch line instead of on the main line at Port Arthur or starting the work from Dalny, as the Russians christened the Town of Talien. For the country about Port Arthur and north of it is hilly and broken up. It called for a number of cuts in rocky mountainsides and for many bridges. All of which meant many months of work before the southern end of this line could be completed to such an extent that the building materials for the line farther north could be rushed over it. The building of the branch line from Yingkou east to Tashihchao solved all this. From Tashihchao the

work was pushed southward to Port Arthur and northward to Mukden at the same time, with the construction materials shipped over the branch line. By October, 1899, locomotives and construction trains were running between the port of Yingkou and Dalny.

FOUNDING THE CITY OF HARBIN

While the building of the southern end of the South-Manchurian line was being pushed north and south from Tashihchao, in the spring of the same year, the Russian engineers went up the Sungari River. They went a bit beyond the point where the Hulan River empties into the Sungari and selected a spot on the southern bank of the Sungari. At the time when the Russian engineers fixed upon this point as the junction of the Chinese Eastern main line with its South-Manchurian branch line to Port Arthur, there was just one solitary house standing on it—a Chinese distillery, according to Sir Alexander Hosie, whose book on Manchuria is filled with much of intimate knowledge of the land. Such was the modest beginning of the greatest city of North Manchuria, which to-day is known all over the world as the City of Harbin. From that point the construction of the Chinese Eastern Railway was rushed in three directions at once—toward Vladivostok on the east, toward Manchuli on the northwest to join the trunk line of the Trans-Siberian there, and in the direction of Port Arthur and Dalny in the south.

The railway lines were built "regardless." Feverish haste was the dominating note which characterized the mad rush of construction. Expenditure bothered the Russian not at all. He had the Russo-Chinese Bank back of him; and the Russo-Chinese Bank was the financial lamb's skin in which the Russian Ministry of Finance was masquerading. All along the new railway line a

vast stream of gold poured into North Manchuria from Europe. Most of this golden flood which financed the gigantic imperialistic adventure came from the strong boxes of the thrifty French people. Into the wilderness of North Manchuria rushed coolies from Shantung and from the Metropolitan Province of Chihli by hundreds of thousands. A few Chinese grumbled over Russian arrogance and brutal highway robbery, but they were those who were not under the golden shower of Russian rubles. The Chinese coolies and merchants crowding into the newly opened field did not complain at all.

And all went merrily with the Russians.

BOXER TROUBLE OF 1900

Then came the year 1900 bringing the Boxer trouble. One Japanese writer makes the assertion that there were 1,300 versts of Russian railway completed in Manchuria at the time of the Boxer rising and that out of that total mileage only 400 versts escaped damage from the Chinese attacks. Just what is his authority for the statement is not apparent. There is no question, however, that considerable damage was done to the Russian lines in Manchuria. The new Russian railway establishments at Harbin suffered severe and serious loss from fire. To the careless eye the disorders of Boxer days appear to have given quite a setback to the Russian railway construction program.

It was nothing of the sort in reality. It was the one supreme excuse for which the Militant Masters of Russia hungered and prayed. It gave them, suddenly and as from the hand of Fate, the long longed-for opportunity for occupying the vital strategic points in Manchuria with their army. The Chinese army, in its madness, on July 15th, 1900, crossed the Amur and invaded the Russian territory at Blagoveschensk. After that

there was no need for the Russians to be timorous. Naturally they lost precious little time. By August 4th their armed forces occupied Yingkou at the mouth of the Liao in South Manchuria. By the end of the month they were solidly settled in various important points in Manchuria. They felt so comfortable about it that they took the trouble of notifying the other powers by August 25th, explaining to them that the occupation of various Manchurian points was merely a temporary measure to insure peace and order over Manchuria. Moreover, they were perfectly willing, indeed they intended, to call out their armed forces as soon as China could protect life and property adequately. Perhaps they were thoroughly sincere in this. There were few Russians in those days who thought China could ever come back.

This incidentally explains the attitude of Russia at Peking when the allied powers gathered there to dictate their terms to China, at the close of the Boxer trouble. It was an admirable mixture of insolence and conciliation. Facing Li Hungchang, who stood the brunt of the negotiation in behalf of China, Russia played the charming rôle of an old friend taking an old broken man under her protecting wing, actually proposing that the allied forces get out of Peking and hold the parley at Tientsin out of consideration for Chinese sentiment.

Russia took every opportunity to show that she was trying to make her demands as small as possible, not only to make the burden light for her Chinese friends but also thereby to set an example for the rest of the powers. At the same time she concentrated her efforts to conclude a separate convention with China placing Manchuria under her exclusive and benevolent protection. In this she failed, but she succeeded in concentrating her army, which she had taken away from Peking and the other parts of the Province of Chihli, at various vital points in Manchuria.

BRITISH HANDS TIED

As if the Boxer uprising were not a timely and perfect enough gift for the completion of the Russian program in the Far East, Fate presented her with another plum. It was the Boer War in South Africa. That practically tied the hands of the one power that might have proved exceedingly troublesome in translating Manchuria into a purely Russian dream come true. Great Britain did, of course, what she could. She went to Germany. It resulted in the agreement of October 16th, 1900, which is given in Appendix 14. Japan was ready to greet that with enthusiasm. The United States, France, and Austria approved it. Even Russia, in her memorandum of October 28th, did not raise any objection to it. But the whole thing resulted in a Russian smile, more or less sardonic. For it was not long after that von Bülow, then Imperial Chancellor, came out and said that Manchuria was not a part of China—and so placed it outside of the Anglo-German agreement of October 16th, 1900.

While this little farce was being presented for the polite entertainment of the chancellories of Europe Admiral Alexieff—who was enjoying the pompous title of the Viceroy of the Far East at Port Arthur—talked a good deal to General Tseng, then Military Governor of Mukden. The Russian Admiral talked so well—and doubtless oiled the palm much better—that the Tartar General handed over to the Russian Admiral an agreement which had six articles of rather startling value in it. Article III practically meant that the Tartar General agreed to get rid of all the bother of maintaining an armed force for the Province of Mukden and to that end to disarm and disband his soldiers, because some of them had risen in the days of the Boxer trouble and smashed up the Russian railway. More than that, the Tartar General agreed to turn over to Russia all the arms and

munitions of war which were at the arsenals as yet unoccupied by the Russian army. Article IV agreed to strip the few fortified positions in Manchuria which had not been occupied by the Russians of all their defensive works. The Tartar General was permitted to retain the police power of the Province, but whenever and wherever there was anything really serious, he was to appeal to the Russian Power through the Russian Consulate at Mukden for military assistance. As soon as Japan and other powers got wind of this secret treaty they naturally did not remain still. It failed to get the needed ratification at Peking. The above résumé was made from a version of the secret treaty given in a Japanese work. It must be added that it is quite different from the treaty reported to have been concluded between Admiral Alexieff and the Tartar General "signed at Port Arthur on January 30th, 1901." But both versions tell the same story of the tireless Russian effort to get what she wanted in Manchuria through the same old historic Russian subway route. Then there was the second Russo-Chinese secret Treaty sometimes known as the Lamsdorff-Yangyu Convention, signed between Count Lamsdorff, the Russian Foreign Minister, and Yangyu, the Chinese envoy to the Court of the Tsar, which put Manchuria under the Russian military thumb and gave Russia, as good measure doubtless, the mining and rail concessions in Manchuria, Mongolia, and other outlying dependencies.

There was one power watching all these Russian activities with undisguised gravity. The Anglo-Japanese Alliance of January 30th, 1902, was the way she showed just how serious she thought the Russian activities in Manchuria were. It had an almost instantaneous effect on Russia. The result was the Russo-Chinese Convention of April 8th, 1902, the whole text of which is given in Appendix 17, the second half of whose Article II reads:

RUSSIAN PROMISE TO EVACUATE MANCHURIA

"Evacuation of Manchuria by Russia.—The Russian Government, in view of these obligations accepted by the Government of His Majesty the Emperor of China, agrees on its side, . . . to withdraw gradually all its forces from within the limits of Manchuria in the following manner:—

"(a) Within six months from the signature of the Agreement, to clear the southwestern portion of the Province of Mukden up to the River Liao ho of Russian troops, and to hand the railways over to China.

"(b) Within further six months to clear the remainder of the Province of Mukden and the Province of Kirin of Imperial troops.

"(c) Within the six months following to remove the Imperial Russian troops from the Province of Hei-lung-chiang."

Japan was innocent enough to put a deal of faith in these promises. She had had a pretty stiff lesson at the close of the Chinese war, when the triple Alliance of Russia, France, and Germany robbed her of the fruit of her victory, as we have seen. Nevertheless, she found it more comfortable to put her trust in the sacredness of international treaty promises than to question the honor of a great state. Patiently, her heart missing a beat now and then, Japan waited for the day of Russian evacuation. The day came without the delay of a second. And Russia—why, she fulfilled her promise for the first stage of evacuation after a fashion: she fulfilled it in letter but not in spirit. What she did was to take her army out of the section of country southwest of the Liao which she had promised to evacuate. But her army, though it marched out of this particular section, did not leave Manchuria. On the contrary, Russia concentrated

it at various strategic points in Manchuria. Another six months went. And when the day set for her second evacuation came, the Russians did not budge an inch. She had not the remotest idea of moving. Instead of moving her army out of the two Provinces of Mukden and Kirin, as she had promised, she presented demands. That perhaps was the peculiar Russian way of making good her treaty promises. But Japan could not understand that. The seven articles of the Russian demands called, among other things, for the closing of Manchuria against the economic activities of any other people than her own. She presented her demands as the condition of further evacuation.

The picture which filled the vision of Japan was this:

Once Russia became the master of Manchuria, she would obtain a great base for future operations. Manchuria is rich in natural resources. Russia at the time was admittedly the mightiest military power on earth. Russia at home in Manchuria, the fate of Chosen was about as safe and wholesome as a piece of tenderloin steak in the mouth of a Siberian wolf. With Russian Chosen across the Tsushima channel the national life of Japan was simply a candle-flame in the path of a typhoon. As the conviction that the Russian army was not leaving Manchuria at all; that Russia was simply toying with Japan, gradually sunk into her understanding, Japan saw red.

But her rage had the appreciation of profound danger. It did not blind her to the enormous outlay of money and men Russia had made in her Manchurian adventure. Like a man under the shadow of an overwhelming crisis, Japan hoped against hope. She said to herself:

Suppose we recognize the special position of Russia in Manchuria, and in return get her to recognize the special position of Japan in Chosen? If Russia would only agree to the establishment of a neutral zone between Man-

churia and Chosen, perhaps we could yet work out our destiny in peace. That precisely was the offer Japan made to Russia. But unfortunately, Japan was a mere joke in the eyes of Admiral Alexieff and other Russian architects of her Far-Eastern Empire who were upon the ground and whose counsel had greater weight at the Court of the Tsar than any other. The thing drifted on steadily toward the abyss until the night of February 8th, 1904, when our friend Admiral Alexieff and the Far Eastern fleet of Russia, riding at anchor in the roadstead of Port Arthur, woke up with a start.

PASSING OF RUSSIA FROM SOUTH MANCHURIA

At Portsmouth in the summer of 1905 the fuss came to an end. History sometimes turns into a satirist. It brought M. de Witte, author of the Chinese Eastern Railway system and father of the dream of the greater Russia in the Far East, to the graveyard of his own dream-child. Port Arthur and Dalny passed definitely out of the Russian rainbow, and with them 437½ miles of South Manchuria railway up to Changchun, with all the mining and other privileges and concessions.

So died the grandiose fantasy of the Far-Eastern Empire of the Tsar. But not the real work of Russians, there in Manchuria.

Quite the contrary. It is more alive to-day than ever before. That city which the Russians planted hard by a solitary Chinese distillery in the heart of the valley of the Sungari and which stands as the peroration of Russian efforts in North Manchuria, is more than twice as big to-day as it was on the day when the Portsmouth Treaty was signed. When I visited it last year, the City of Harbin claimed a population of 400,000. The Harbin police statistics of November, 1922, gave it more than 380,000.

It is far and away the most important city in North Manchuria: it is its chief distributing point. All the industrial activities of the vast Amur Province of Manchuria center there. It is the only city in the whole of Asia which has nearly as many white population as natives in it.

CITY OF HARBIN

Harbin was founded May 28th, 1898, officially. It is less than 27 years young. It is the one outstanding monument to the constructive activities of Russians in Manchuria. The old Harbin was a mere village, practically nothing at all, when the Russians began to build from it in the general direction of the Sungari River. According to the police figures of Harbin for November, 1922, there were 155,402 Russians in the city; and its total Chinese population numbered 183,696. There were less than 4,000 Japanese. There were more than 36,000 of other races. In 1918 there were 60,200 Russians there against 94,000 Chinese. Therefore in four years the Russians increased two and a half times, while the Chinese were doubling their number. This, I believe, is a record unparalleled in the history of European population in an Asian city. This was not altogether due to commercial or economic reasons: it was largely due to the coming of the Bolshevik Régime into European Russia, toward the close of the Great War. When the old Tsarist Régime went under the Red flood, thousands of Russians fled from Europe. To the refugees the once-dreaded ice-locked prison for murderers and traitors did not look so bad. The young flourishing town in Northern Manchuria, which was being sung as the New Moscow of the Far East, took on the rosy tints of a haven of refuge. They therefore made a rush for it, especially while the influence of the White Russians was dominant.

Courtesy of I.J.R.R.

Map of the City of Harbin

What makes the story of Harbin so eloquent is not that it was the one grand boom town in the far, frozen north, making the wildest of the wild Western boom towns of America look colorless by comparison. The story of Harbin is the story of what Russia did for the Chinese: that is its true and unexpected meaning. Russians never cared a fig for the Chinese. The economic and commercial benefits for the natives and for hundreds of thousands of coolies who worked on the Chinese Eastern Railway, were about the last thing the architects of the Far-Eastern Empire of the Tsar would bother about. Yet, after less than thirty years, practically the only thing left to show for the expenditure of something close to half a billion of Russian rubles in the stupendous Manchurian adventure is the prosperous condition of the Chinese colonists and merchants who had come crowding up to North Manchuria to supply the labor needs as well as the life needs of Russian intruders. That precisely was what General Kropatkin had in mind when he cited certain statistical figures and declared that something like 300,000,000 rubles which had been taken out of the pockets of Russian peasants had fallen into the hands of Chinese coolies in the construction of the Chinese Eastern Railway.

The railway line had given Russians very little except deficits and troubles for years. The garrison alone cost Russia ten-million rubles and two-million more for civil administration of the railway zone. But with the Chinese there was a different tale. It paid them from the start. We have already seen how the Manchu Government at Peking reaped nothing but disaster for all its efforts to open up the virgin steppes of North Manchuria. The Chinese coolies who had responded to the call of Russian rubles succeeded where the Manchu Bannermen with government subsidies utterly failed. It is historically accurate to say that nothing short of the golden

flood from the Russian Treasury Department that coursed along the line of the Chinese Eastern Railway in those glamorous days of Imperial Russia, could have brought about this miracle of economic transformation of North Manchuria in so short a time.

From the days of its earliest youth the City of Harbin was a wonder town. It stood there on the bank of the Sungari, the greatest nature-made traffic artery of North Manchuria. It covered the point where the Sungari crossed the main line of the Chinese Eastern Railway, the greatest man-made transportation line in North Manchuria. Standing midway between Chita in trans-Baikalia and Vladivostok on the Sea of Japan, it was the central metropolis of the vast northern plain. It was also the junction point of the South Manchuria line coming from Port Arthur and Dalny with the main line of the Chinese Eastern.

In the early days of the building of the Chinese Eastern line Russians commenced building from this central city in all three directions—to Vladivostok, to Chita, to Port Arthur. The result was that the solemn and somber waters of the Amur and of the Sungari woke one fine morning with a life such as they had never before known since the day they left the hands of the Creator. The Black Dragon River, as the natives call the Amur, turned over night into an endless flowing festival avenue decked with buntings and aquiver with lights. The buntings were the company flags of the Chinese Eastern Railway; they were on the tugboats and river steamers which puffed up and down the great stream from Habarovsk to Harbin by the hundreds, all towing rafts of lumber and thousands of barges laden with rails, sleepers, dredges, construction machinery of all sorts, clothing, provisions. All these were for the new railway lines in the making. They came from the Maritime Province of Siberia and from Japanese ports. One and all, they

were landed at Harbin and distributed in three directions from there.

Russians lorded it over the Chinese with their wonted arrogance, but they spent money like water. A Chinese who got a patch of land for a pair of old socks near the center of New Harbin became a bloated millionaire over night. Traders got the habit of thinking they were making poor business of it if they failed to make 200 per cent. net on a deal. "Russian officers," wrote a British eyewitness of the Harbin life of those days, "and the army of engineers engaged on the railway—they are all excellently paid to stimulate them to hurry the line to completion—make for Harbin when they get a few days' leave. A Russian's idea of good-fellowship, when in his cups, is to squander, to pour champagne on the floor, just to show he doesn't mind expense, to light his cigarette with a three-ruble note, and generally to splash money around.

"There is a *café chantant* at Harbin which has the laxity of *café chantants* in other parts of the world. The night before I was at Harbin an engineer arrived, his pockets bulging with rubles, and he showed his idea of money by making all the girls sit in a row while he poured champagne on hundred-ruble notes, and then he stuck these notes (£10) on the forehead of each of the eight girls. That is the Harbin idea of having a good time."

Pittsburgh steel millionaires at the Waldorf in the classic days could have matched the extravaganza of Harbin life, but otherwise one has to go to the high-colored pages of regulation Western fiction to find anything like it. No adjectives are adequate to picture the boom the Russo-Japanese war brought to Harbin. For there the great Russian Army with all its war supplies was collected.

Russians laid out the residential section of the city

with broad, stately avenues. As the town grew, extravagant social life centered about the Railway Club. It stands there to-day. It can still offer a royal feast to its guests. A dinner I had the pleasure of attending last year offered a collection of wines choice enough to make some of our dry American friends brave an ocean journey with a glad heart. But the Club in its spacious grounds seemed to be under a shadow of some unuttered melancholy. When everything Russian went to pieces under the chaos of the Bolshevik revolution the Russian life in Harbin lost its glitter, and the Chinese woke up to find themselves masters over their former Russian lords. While at Harbin I saw a good deal of evidence of how the lowly Chinese had paid back the Russians in their own coin of arrogance and high-handed impudence.

What the town lost in pomp and color it gained in industrial and economic solidity. The Chinese coolies who came up to the north by thousands to work on the railway in the days of its construction, made money, a good deal of it for the Chinese coolie. Many of them stayed on, instead of going back to their starvation-haunted Shantung villages. They took to the cultivation of the soil, to furnish food for the new communities springing up all along the railway line. When the Russo-Japanese war came their number increased. There was an abnormal demand for wheat for the Russian flour mills established in Harbin. These Chinese farmers ended up by festooning the valleys of the Nonni and the Sungari, all the way from the Great Khingan Range to the northern spurs of the Chengpai mountains to the east.

HARBIN AN INDUSTRIAL CENTER

The net production of all this Chinese farming activity was naturally tremendous. Only 15 per cent. of their

The business section of Harbin

Street Scene at Manchuli

production was quite enough to cover local demands. For years more than 85 per cent. of their products had to be shipped out of the country.

Harbin is the center to which all this agricultural life and many industrial activities based on agricultural products, principally wheat and beans, gravitate.

There are twenty-four flour mills standing now in Harbin. They are no mere water-wheel decoration of an old Chinese landscape. Many of them are huge modern brick structures, with modern occidental equipments which make one's fancies travel back to Minneapolis. Most of them were built by the Russians. But many of the Russian mills have passed into Chinese hands since the "Reds" came to power. Two large new Chinese flour mills were opened a few years before my visit there. One of them stands on the northern bank of the Sungari and is capitalized at $2,000,000; the other one, with a capitalization of $1,200,000, is in the Tungszechiatze section. The daily capacity of the first, I was told, was about 360,000 pounds; and of the second, 304,000 pounds. All of which gives an idea as to the magnitude of these establishments. These twenty-four mills account for 77 per cent. of all the flour mills along the line of the Chinese Eastern Railway.

Bean-oil production is a great industry at all the leading centers of Manchuria. Out of more than 50 oil-mills in Harbin, only three belonged to Japanese: all the rest were under Chinese control. Leather business is another line of industry which the Chinese are conducting on a large scale there. For years it has not done very well. The factory organized by General Chu, ex-military Governor of the Amur Province, with the capital of $200,000 back in 1915, was not much of a success because of the lack of adequate capital. A new leather factory with a capital of $3,000,000 was organized by a well-known Chinese capitalist in Harbin, Mr. Chang

Fengting. Half of the total capitalization was spent for the purchase of machinery for the factory, it was said.

RUSSIAN WORK IN PORT ARTHUR AND DALNY

South in Port Arthur Russians found an entirely different condition of things. Unlike Harbin, Port Arthur was an old fortified town of something like 10,000 people, with traditions and vested interests, when Russia took it over. The fortifications were quite out of date and about as effective against modern weapons of attack as stage scenery. Just how many millions of good Russian rubles went into the reconstruction of the fortifications is not known. It was no military secret, however, that Russians spent more than 12,000,000 rubles in building a European town there. By January, 1903, the old Chinese town and the new Russian section had the total of more than 42,000 people. Of course it was essentially a garrison town, and an overwhelming majority of the Russian population there belonged to the official class. Some 13,580 of them were either army or navy men. The Russian civilians numbered slightly over 4,000.

The building of the port of Dalny, as the Russians called the present Dairen, was much like the creation of Harbin. Russians went to work there in 1899 and found a disreputable fragment of a Chinese fishing hamlet along the rim of the Talien Bay. The budget for the first stage of the construction of the harbor called for 10,800,000 rubles, and in addition 2,000,000 for the building of the port city. The actual amount of Russian money thrown into the enterprise was more than 30,000,000 rubles. The Russo-Japanese war broke upon it like a withering storm just when the first stage of building was done and the second stage about to begin.

The city had about 18,000 people at the time according to a contemporary report, and its water works, electric lighting plant, and a number of modern brick buildings of European style. But of course the constructive work of Russia in Port Arthur and Dalny cannot compare with what she achieved at Harbin.

CHAPTER V

ENTER JAPAN

JAPAN came in direct touch with Manchuria early in the eighth century, in the days of the Kingdom of Pohai. A Japanese authority says that the Manchu kept up direct trade relations with Japan from 727 to 930 A.D., more than two centuries. Manchu traders came from a district near where the present Hunchun stands in the valley of the Tumen River near the present Chosen border. They crossed the Sea of Japan to the Japanese port of Tsuruga, whence they made their way overland to Nara, the new capital city of the Mikado, round about which the first great cultural epoch of the Yamato race was then coming to bloom, and to other cities of the provinces of Yamato and Yamashiro. The Manchus brought with them tiger and leopard skins and ermine and wild ginseng, and exchanged them for the brocades and silks of Japanese looms.

When the near-world Empire of the great Khublai rolled over Manchuria and Chosen, Japan came in touch with it also in 1268. The mighty Mongol fleet of 1,000 Chosen ships carrying 50,000 Mongol and 20,000 Chosen braves, combined with several hundreds of large ocean-going Chinese vessels with 100,000 Chinese and Mongol fighters aboard, was smashed off the coast of Kyushu August 14th, 1281, by "God's wind." That ended the second attempt of the Great Khan to bring Japan under his dominion. After that, Asian continental powers left Japan severely alone. But the Japanese adventurers and pirates kept in touch with Manchuria and the south-China coasts. These pirates usually made their base

Mukden Branch Office building of the Oriental Development Company

Public Hall in the New Town of Mukden

on the islands of Tsushima. They operated on a large scale. The people of the great wealthy cities along the coast of the Yellow and Eastern Seas lived in constant fear of them. Curiously one of these pirate bands met a disastrous defeat at a point not more than twenty miles east of the present Port of Dairen. It was in the summer of 1419. The Chinese commander in charge of the section of the country had been warned of the approach of the Japanese pirates. The warning came from Peking. Nothing shows more clearly how very seriously the movements of the Japanese pirates of those days engaged the attention of the great continental power. The Chinese forces waited the approach of the pirates in ambush, and, falling upon them from the rear, practically annihilated them. More than 700 were beheaded and 110 taken alive.

The next time the Japanese came in direct touch with Manchuria was nearly two centuries after that. In 1592 Toyotomi Hideyoshi, the warrior statesman who had achieved the unification of feudal Japan toward the close of the fifteenth century, addressed himself to the modest task of conquering China. It was no idle jest with him. Certainly it was no joke to Chosen people when, to their amazement, they found that he really meant what he had told them and his army fought its way through Chosen. It was a joke with the Ming Court at Peking at first. It sent 5,000 Chinese braves to roll back the Japanese invasion, which had driven the whole Chosen forces through the entire length of the peninsula to the boundary line of Manchuria. But the Celestials did not enjoy their little joke long: 3,000 of the 5,000 were killed and the rest ran a sort of irregular foot race over the Yalu back to its Manchurian side at the very first shock of contact. On the northward march through Chosen, the Second Army under the famous General Kato Kiyomasa took the northeastern route.

It crossed the Tumen River from Kainei to Manchuria and marched into the eastern section of what to-day is known as Chientao. But it turned back almost as quickly as it entered, for the whole expedition was tricked out of its advantage by a Chinese peace envoy called Chen Weiching, who asked for an armistice. The Japanese fell into the trap and gave the Peking Government time to mobilize a great force.

SINO-JAPANESE WAR

The first real acquaintance the Japanese made with Manchuria was at the time of the Chinese War. In February, 1876, Japan concluded with Chosen a treaty recognizing her as an independent state "enjoying the same sovereign rights as Japan." America, England, and other great powers followed Japan's example, and no effective protest came from China, though she kept on treating Chosen as her dependency. She stationed her resident in Chosen, and he meddled with the Chosen politics with his armed force time and again. China's actions tried Japanese patience beyond words more than once. The Tientsin Treaty of April, 1885, signed by Ito representing Japan and by Li Hungchang on behalf of China, made the status of Japan and China precisely equal in Chosen. The Convention bound the contracting parties to give, "each to the other, previous notice in writing of their intention" if a grave disturbance in Chosen compelled either of the two to send troops there. That was not exactly an open admission by China of the independence of Chosen, but it was something very close to it. In March, 1894, an insurrection shook Chosen, led by a reactionary political party called Tonghak. Both China and Japan sent their armed forces into Chosen, notifying each other. In the Chinese communication notifying Japan of the despatch of an army into

Chosen, she spoke of Chosen as her "tributary State." For eighteen years, since the treaty of 1876, Japan had treated Chosen as an independent state. America and the European states had done the same. The independence of Chosen was vital to her national safety, as Japan saw it. It was out of the question, therefore, to admit the Chinese contention that Chosen was her dependency. Japan protested vigorously. Right there was the seed of Sino-Japanese War. The Tonghak uprising died down before the Chinese army landed; but China declined to withdraw her force. Japan, on her side, also refused to withdraw until the independent status of Chosen was cleared or without "some understanding that would guarantee the future peace, order, and good government of Korea." Japan thought it about time to settle the thing once for all. She notified China that the despatch of re-enforcements by China would be construed as a hostile act. China's answer was a sneer: she sent re-enforcements overland across the Yalu. She also sent by sea. Three Chinese warships convoying the transport "Kowshing" flying a British flag met two Japanese cruisers off the Chosen coast. The Chinese opened fire on the Japanese, and the war was on.

The First Japanese Army crossed the Yalu and fought toward Mukden by way of Fenghuang and over the Changpai range. The Second Army crossed the Yalu also, but it went westward by a southern route and reached Newchwang via Haicheng. The Third Army landed on Liaotung Peninsula and made south for Port Arthur. The Fourth Army went up the Liaotung Peninsula, took Kaiping, and turned south to join the Second Army at Newchwang. More than 120,000 men of the Japanese expeditionary forces measured Manchuria's soil with their own tread and got first-hand knowledge of the country. Thousands of Japanese traders and travelers followed the army into Manchuria also.

The Treaty of Shimonoseki of the 17th of April, 1895 (Appendix 1), ended the war. Article II of the treaty reads:

"China cedes to Japan in perpetuity and full sovereignty the following territories, together with all fortifications, arsenals, and public property thereon:—

"(a) The southern portion of the province of Fengtien, within the following boundaries:—

"The line of demarcation begins at the mouth of the River Yalu and ascends that stream to the mouth of the River Anping; thence the line runs to Fenghuang; thence to Haicheng; thence to Yinkow [the port of Newchwang], forming a line which describes the southern portion of the territory. The places above named are included in the ceded territory. When the line reaches the River Liao at Yinkow, it follows the course of that stream to its mouth, where it terminates. The midchannel of the River Liao shall be taken as the line of demarcation.

"This cession also includes all the islands appertaining or belonging to the province of Fengtien, situated in the eastern portion of the Bay of Liaotung and in the northern part of the Yellow Sea."

Right there, Russia, France, and Germany stepped in, presented Japan a little friendly advice, and committed a highway robbery in the noble name of the permanent peace of the Orient. Two days after the ratification of the Treaty of Shimonoseki at Chefoo on May 8th, 1895, an Imperial rescript was published commanding the return of the above-mentioned territory to China.

While the Japanese armies were in Manchuria, they met something much more serious than the Chinese forces —something which in the end conquered not only the Japanese army but the Japanese market and the Japanese rice-fields—namely Manchurian beans and bean cakes. Before the Sino-Japanese war, the export market for

Manchurian beans was practically limited to south China. The sugar plantations in the South Seas took bean cake for fertilizer. Japanese armies came back from Manchuria with a keen appreciation of the food value of the Manchurian beans. And just about this time Japanese farmers had a troublesome time over the high cost of fertilizer. Fish manure, which they had been using for generations past, was getting scarce. Why not try the virtues of the Manchurian bean cake on their paddy fields? They did. The result was sensational: it was free from the pest-breeding annoyance of fish manure. By 1899, as Alexander Hosie, who was British consul at the Newchwang port at the time, pointed out, Japanese purchases of Manchurian products "exceeded the total export to South China."

RUSSO-JAPANESE WAR

At the time of the Russian war, Japanese forces entered Manchuria along the same old trails which they had followed in the Chinese War of 1894-5, but they covered the country much more extensively. The Portsmouth Treaty of September 5th, 1905 (Appendix 18), which ended the war, turned over to Japan much of what Russia had taken through her highwayman tactics at the end of the Chinese war. The articles V and VI of the treaty read:

"ARTICLE V.—The Imperial Russian Government transfer and assign to the Imperial Government of Japan, with the consent of the Government of China, the lease of Port Arthur, Talien and adjacent territory and territorial waters and all rights, privileges and concessions connected with or forming part of such lease and they also transfer and assign to the Imperial Government of Japan all public works and properties in the territory affected by the above-mentioned lease. . . .

"ARTICLE VI.—The Imperial Russian Government engage to transfer and assign to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Changchun (Kuancheng-tzu) and Port Arthur and all its branches, together with all rights, privileges and properties appertaining thereto in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.

"The two High Contracting Parties mutually engage to obtain the consent of the Government of China mentioned in the foregoing stipulation."

HARRIMAN AND THE MANCHURIAN RAILWAYS

Everything, therefore, depended on the consent of China.

A phrase of a few words sometimes spins the destiny of a nation like a top and changes the complexion of a continent. In this case a mere phrase of seven words —"with the consent of the Chinese Government"—was fated to do just that thing. What happened is of particular interest to the people of the United States. For just about this time Mr. Edward H. Harriman sat upon the throne of the Railway King of America. For some time he had been nursing the dream of a world-belt transportation system. He was in Tokyo shortly after the conclusion of the Portsmouth Treaty, on a trip not altogether for pleasure. When he left Tokyo for the United States he had with him a memorandum dated October 12th, 1905. It was an understanding between himself and the corporations he represented on the one hand and Count Katsura of Japan on the other (not between Harriman and Prince Ito as an American writer has it) concerning nothing short of the formation of an American syndicate for the purpose of taking over the Man-

churian line which Japan had received from Russia through the Portsmouth Treaty (Appendix 18). Mr. Harriman's idea was to take over the South Manchurian line from Japan and the Chinese Eastern line from Russia and form them into a link in his world-chain of transportation—an economic imperialism worthy of a great American railway potentate. It made the militant imperialism of Russia in its halcyon days look like an opening stanza of a nursery rime by comparison. The stupendous scope of the thing, the romance of it all, must have appealed to the Japanese statesmen of the day. If Mr. Harriman's scheme had gone through the command and control of a world-circling transportation system would have fallen into the hands of the United States. That meant something when the railways were proving themselves mightier Empire-builders than any conquerors known to history.

A few days after Mr. Harriman had left the shores of Japan Baron Komura reached Tokyo, back from Portsmouth. Premier Katsura showed him a copy of the Harriman memorandum.

"But this is not in tune with Article VI of the Portsmouth Treaty," said Komura. "The thing is not ours—yet. China's consent is standing between it and us. Anything might happen between the cup and the lip." Of course these are not the exact words of Komura, but they paint his meaning pretty accurately.

The premier saw the point. A cable message was sent to San Francisco to catch Mr. Harriman as soon as he landed there. It advised him that the deal was off, for the time being at any rate. Baron Komura went over to the continent to get the "consent of the Chinese Government." When he returned to Tokyo with the Treaty of Peking of December 22d, 1905, in which China had given her consent for the transfer of the Russian railway line and Russian lease to Japan, he

found a decided change in the Tokyo atmosphere over the Harriman scheme. It has never been revived since.

In addition to the Peking Treaty and an additional agreement, which were published at the time, Baron Komura was reported to have brought back with him still another agreement, which was "to be kept strictly secret in deference to the desire of the Chinese Government." The text of the Peking Treaty and the additional agreement and a summary of the alleged secret agreement are given in Appendices 19, 20, and 21.

JAPANESE TRADERS AT THE HEELS OF THE JAPANESE ARMY

While the Russians were the masters of Manchuria Japanese met not only a frigid reception there, but practically a locked door. Russians could not see much difference between the Japanese, the British, and the bubonic plague: they had no enthusiasm for taking any of them into their fond embrace. But the Japanese had become the greatest buyers of Manchurian products since the days that followed the Chinese War. Japan was taking more beans and bean cake than any other country at the time when the Russians entered upon their Manchurian adventure. There was another thing, too. The post-war boom following the Chinese scrap brought on inevitable years of depression. There was over-production in Japan. She had to find an outlet somewhere, everywhere. Manchuria was one of the nearest foreign markets. Moreover, the fact that Japan bought so much in Manchuria made the country a natural channel through which the Japanese traders tried to push their wares. To pass into Manchuria under the Russian influence one had to have either a permit from the Russian military office or a friendly nod from the officials of the Chinese Eastern Railway. These, as hinted above, were the rar-

est commodities in the possession of the Japanese. In spite of that, however, and as a matter of fact, a number of shrewd Japanese merchants used to make their way into different parts of Russian Manchuria. The fact that there was quite a number of these invaders shows more pointedly than anything else how persistent and eager were Japanese merchants to push their way into the Manchurian markets.

When the Japanese army began to drive the Russians north, the Japanese merchants crowded in at its heels. At one time the Japanese population at the port of Yingkou was reported to be close to 20,000—which at the time was an astounding figure. They were of all sorts: not a few of them mere bold adventurers. They caused the Japanese army régime no end of trouble. From that day on for years afterward, to this very day in fact, the Japanese authorities have been exceedingly strict with them. While American and other anti-Japanese propagandists are painting in flaming colors the picture of the Japanese authorities nursing, supporting, pushing Japanese merchants into Manchuria by all sorts of unfair means and at the expense of all American and other foreign commercial interests, the actual truth of the matter is that the Japanese merchants have been kicking loud and long against their step-fatherly treatment at the hand of their own authorities.

Japanese cotton textiles drove out the American goods there to a large extent: that is a fact. It is not through governmental partialities, though. Two causes accounted for that amply: Japanese goods were cheaper and served Manchurian needs quite as well as the higher-priced American goods. And the American exporters did not work for the trade there one tenth as much as did the Japanese merchants and manufacturers. And this is not saying anything about the incomparably shorter distance the Japanese mills are from Manchuria than the Ameri-

can mills. It meant quicker delivery; savings in freight charges. It would have been a miracle if the Japanese textile had failed to displace the American product in Manchurian markets. Just why American writers on the subject invariably obey the occult edict to forget these most natural and apparent of all causes and have to dig in search of some underhanded method of the Japanese authorities in Manchuria to explain the thing, is an eternal puzzle to the Japanese.

THE KWANTUNG GOVERNMENT-GENERAL

Two important steps marked the entry of Nippon into South Manchuria: the establishment of the Government-General of Kwantung leased territory, and the South Manchuria Railway. The story of the great railway company deserves an entire chapter to itself. The Imperial ordinance sanctioning its organization and the articles of its incorporation are given in Appendix 22.

Article 3 of the Imperial Ordinance, No. 196, governing the organization of the Government-General of Kwantung (the leased territory at the tip end of the Liaotung Peninsula) says: "The Governor-General shall be . . . a general or a lieutenant-general of the Imperial Army." This put the affairs of the Manchurian leased territory and the general supervision and protection of the South Manchuria Railway Company into the hand of General Viscount Oshima, the first Governor-General of Kwantung. The military government has been often denounced by many a foreign critic. A Japanese writer actually apologized for it. All that, of course, is sheer tommyrot. When Japan succeeded Russia in Manchuria disorders inherited from the war time still prevailed over the land. Outside the leased territory and the railway zone mounted bandits had a free and easy time of it. Even the railway zone was packed with lawless elements

Japanese Common School at Harbin

Baseball in Manchuria. The students of Japanese primary schools in Manchuria contesting for championship

from both Japan and Europe. There was one thing needed above all else—a firm hand to evolve order out of chaos, and in the shortest time possible. Kid gloves and a collection of moral maxims would have had about as much effect on the disorderly elements there as a pint of skimmed milk in the taming of a jungle tiger.

Safety for life and property is the one thing without which no human society can prosper—without which neither commerce nor productive industries can be. Adequate protection for the lives and property of the people in the leased territory and through the railway zone was first given under the soldier's administration of the leased territory. There were filling the newspapers in those trying days many American criticisms and protests against the Japanese administration of Manchuria. They came mostly from some British and American commercial interests which were losing their Manchurian trade to the Japanese and from some of the American consular officials who were out there looking after American trade interests. But they were few and feeble compared to the Japanese complaints which rose up in and out of Manchuria. In the nature of things when any human power military or otherwise, but especially military, tries to straighten out a tangle such as Japan inherited from Russia in Manchuria, there is bound to be a lot of snapping of threads—perfectly good and proper threads along with the knotty ones. In this best of all the possible human worlds that cannot be helped. A soldier's boots are unnecessarily awkward at all times and almost in all lands, for some reasons not quite as evident as their patriotism or their decorations. They have the gift of stepping on people's toes with enthusiasm and with wide catholicity. Such was the case with the military administration of the Kwantung Leased Territory. It treaded on toes which were entitled to better treatment, sometimes.

SOUTH MANCHURIA RAILWAY ZONE FAVORED BY CHINESE

After admitting all this, let us point out a few pertinent facts which stick out like festival lanterns on a black night. In March, 1908, there were less than 12,400 Chinese and 17,200 Japanese in the Railway Zone, a total of 29,500 people. Ten years later, in 1918, there were 29,717 families and 129,163 people. The increase was mostly among the Chinese. In 1920, there were 103,043 Chinese and only 71,643 Japanese. The increase of the Chinese population was more than eightfold in twelve years. Outside of the Railway Zone, the population of Manchuria increased less than 50 per cent. in ten years. Why this rush into the Zone?

One of the most impressive and striking things I saw in my wanderings up and down Manchuria was the number of important Chinese merchants making their headquarters in the Railway Zone. It was not through mere accident that this happened. Accidents of this sort never happen to Chinese merchants. When they moved from their old quarters in the old walled city into the new Railway Zone there was a reason back of their action somewhat more powerful than a dynamite blast.

There is another thing about the Railway Zone which does not call for Diogenes' lantern or a modern microscope to find out: namely whenever either Chinese officials or Chinese capitalists in Manchuria take a notion to put their money into real estate, they invariably take their first look in the direction of the Railway Zone.

Perhaps there are more reasons than one back of all these facts. Just one of them, however, is quite enough: the bandits. Other reasons are more or less secondary. As late as October 4th, 1924, Manchurian papers were full of the story of the bandit raid near Kaiyuan, an important historic walled city, 62 miles to the north of

Mukden, and the administrative center of the Kaiyuan District. More than 400 bandits who were reported to be deserters from the army attacked the outlying villages near the city, pillaging and looting everything in sight. Chin, the chief of police at Kaiyuan, went after them at the head of about 400 policemen, but he had to call for reinforcements from Tiehling, Tungfeng, and Hsian. Governor Wang of Mukden was actually compelled to order the chief of Marine Police at Liaoyang to make an end of the outlaws. There was one grand rush of all the well-to-do Chinese merchants and citizens into the Railway Zone.

After all the unkind things which have been said about the soldier administration of the Kwantung Leased Territory and of the Railway Zone, one thing stands out preeminent and undisputed: the Railway Zone is the safest place for Chinese as well as for everybody else to live in and carry on business in all Manchuria. All this is largely the result of the military administration of Kwantung in the years following the Portsmouth Treaty. By the early part of 1919, all the preliminary rough work of laying the foundation had been completed. The result was the Imperial Ordinance No. 94 of April 12th, 1919. It displaced the soldier governor of Kwantung by a civilian. Baron Hayashi, who is now the Japanese Ambassador to the Court of St. James, was appointed the first civilian Governor of Kwantung. Since then no soldier has been placed at the head of the leased territory.

When Russians entered South Manchuria, the first thing they did was to fortify Port Arthur: that is where they centered their efforts and their expenditures of money first of all. What they wanted in Manchuria was political. Japanese did not look at Port Arthur much when they followed Russians into Manchuria. It was on the port of Dairen, on the coal fields of Fushun and

Yentai, on the railway facilities, that their first efforts and expenditures were concentrated. They did not spend a yen on repairing the fortifications at Port Arthur which they had smashed up in the Russian war at such terrific cost of life and treasure.

What the Japanese wanted there—and want now more than ever—were economic advantages. That is how the Japanese activities in Manchuria differed from the Russian, and that is the key to all their actions there. Therefore the story of Japanese entry into South Manchuria is the story of the South Manchuria Railway Company, which is given in the following chapter. It is through the railway company that the Japanese efforts for the development of the Manchurian resources have been made.

CHANGE IN RUSSO-JAPANESE RELATIONS IN MANCHURIA

The summer of 1907 brought forth the convention between Russia and Japan of July 30th of that year. It was brief, being made up of only two articles, and there was nothing new in it. It covered the old, old ground of respecting the territorial integrity of the contracting powers each by the other and of recognizing all the rights resulting from the treaties and agreements with China; also the integrity of China, the maintenance of the status quo, and so on. A mere collection of diplomatic generalities, as the reader can see from its full text, which is given in Appendix 23.

The fact presented to the world by this brief document was, however, both dramatic and new—and tremendous in its significance. For this convention spelt out an entirely new relation between the two mightiest Asiatic powers at the time. It said simply that they were going to pull together in the same harness from

that time on—let the past bury its dead. But of course this was a mere proem.

The same spirit of co-operation between the two powers in their activities in Manchuria came to full flower in the Russo-Japanese Treaty of July 4th, 1910. It read in part:

"ARTICLE I. For the purpose of facilitating the communications and developing the commerce of the nations, the two High Contracting Parties engage mutually to lend each other their friendly co-operation with a view to the improvement of their respective lines of railroad in Manchuria, and to the perfecting of the connecting service of the said railways, and to refrain from all competition unfavorable to the attainment of this result. . . .

"ARTICLE III. In case any event of such a nature as to menace the above-mentioned *status quo* should be brought about, the two High Contracting Parties will in each instance enter into communication with each other, for the purpose of agreeing upon the measures that they may judge it necessary to take for the maintenance of the said *status quo*."

The full text of this important document is given in Appendix 25.

CHANGE IN THE RUSSIAN POLICY IN MANCHURIA

The Russo-Japanese War brought about a radical change in the Manchurian policy of Russia. It killed the Russian imperialistic scheme. For the first time in the history of Russian Manchuria, Russia looked upon her Manchurian railway system as a purely commercial venture; for the first time, she tried to make it pay. Russians went after the export bean freight from the Changchun District, the largest bean belt in Manchuria, over the Chinese Eastern line via the port of Vladivos-

tok. Normally this freight should find its way out to sea over the Japanese-controlled line of the South Manchuria Railway. The distance from Changchun to Vladivostok by way of Harbin over the Chinese Eastern is 633 miles. The distance from Changchun to Dairen over the South Manchuria is 437 miles. In spite of nearly 200 miles of additional haul, the Russians charged the same rate for shipments of beans to Vladivostok that the South Manchuria charged to Dairen. The Russian rate eastward from Harbin to Vladivostok was invariably cheaper for practically all classes of goods than the rate quoted for the southward shipment to Dairen. Of course the actual amount charged for Harbin-Vladivostok shipments should be less than the one charged for Harbin-Dairen shipment, for the distance is slightly longer. The point is that the Russian rate for Vladivostok was much cheaper in proportion to distance.

All this Russian effort had the expected result—much of the bean shipments from the Changchun District went over the Russian line instead of over the South Manchuria Railway. The Chinese Eastern kept on shaving down its deficits gradually, and turned them finally into profit, and that in spite of various unkindly things which happened to it. As soon as Russia came to herself, after the Russo-Japanese War, she set to building a line of railway connecting Europe with Vladivostok all on Russian soil. She lost no time. As early as 1908 she started to build the line connecting Kuenga in trans-Baikalia with the town of Habarovsk on the Ussuri line, a single track line traveling through the valley of the Amur for the distance of 1,295 miles, which was finished in 1916. This line parallels the Chinese Eastern, so competing with and being bound to affect the balance sheet of the Chinese Eastern.

Then came the Bolshevik revolution in European Russia and the chaotic condition in Siberia. Naturally they

Mukden Station of the South Manchuria Railway

had a sad effect on the Russian line. As if these were not enough, the Russians abolished their free-trade system and began to impose more or less heavy duties on all the goods which entered into Siberia from Manchuria. In spite of all these terrific handicaps the Chinese Eastern Railway showed the profit of 2,470,144 gold rubles for the year 1921. Of course this showing cannot be compared with the net profit of 31,385,000 yen of the South Manchuria line for the financial year ending March 31st, 1922. It was a great showing nevertheless. Only three railways operating in China, outside of the South Manchuria line, could show a better return for that year.

GREAT BRITAIN AND JAPAN IN MANCHURIA

A British construction company secured the concession of building a fifty-mile line of railroad from Fakumen to Hsinmintun through the agreement of November 11th, 1909. This proposed line parallels the South Manchuria and invades the territory served by it. A protocol attached to the Peking Treaty of December 22d, 1905, which was "kept strictly secret in deference to the desire of the Chinese Government," reads as follows:

"The Chinese Government engage, for the purpose of protecting the interest of the South Manchurian Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighborhood of and parallel to that railway, or any branch line which may be prejudicial to the interest of the above-mentioned railway." (A summary of the secret protocols is given in Appendix 21.) Japan protested. It was not only a natural thing for her to do; she could not have done anything else. Some British and American writers, for reasons best known to themselves, worked overtime to poison Anglo-Japanese amity over this incident. Some went the length of denouncing Japan violently. They claimed that the

provision of the secret protocol was a clear violation of Article IV of the Portsmouth Treaty, which reads:

"Japan and Russia reciprocally engage not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Manchuria."

DO THE JAPANESE SHUT THE OPEN DOOR IN MANCHURIA?

In the eyes and judgment of these gifted writers, evidently, this act of China of having a British company build a competing line of railway parallel to the South Manchuria line, the interest of which she had solemnly pledged her word of honor to protect—more than that, this act of China of having a line of railway built for her which she had promised not to build, was simply one of the general measures which all countries take for the development of their commerce and industry.

Perhaps this is not the point which has called down the condemnation of eminent critics. Perhaps they denounced Japan's protest against building competing lines to the South Manchuria Railway by anybody and everybody who wished to do so, as a sin against the "Open Door" policy. Perhaps their interpretation of the "Open Door" and "equal opportunity" was just what the school dictionaries said these phrases meant. Therefore it was simply outrageous for Japan to protest when the British interest wanted to build a line parallel to the South Manchuria. Perhaps that is the point upon which the full weight of their denunciation fell. They are quite right, too—if—IF the two famous phrases quoted above happen to be nothing more than mere academic expressions in a text-book on pure logic.

Just one trouble about all this is that—they are not. They are very much of the actual workaday world of

ours. They stand for living facts in the realm of intensely practical politics—and in the pretty trying realm of Chinese practical politics at that.

STANDARD OIL COMPANY'S CONCESSION CITED

The meaning of phrases should always be defined in the light of actual facts. For example, an agreement dated February 10th, 1914, by which the Standard Oil Company of New York received from China the right to exploit certain Chinese oil fields. Article Fourth of this reads:

"Fourth.—The Chinese Government hereby promises the Standard Oil Company of New York that the working of Petroleum in the Yen-Chang, Yen-An-Fu, and adjoining fields in Shensi Province and Chengtehfu (Jehol) and adjoining fields in Chihli Province shall be exclusively entrusted to the American-Chinese Corporation mentioned above, to develop, refine and market, and that the Chinese Government will give every assistance and protection in doing the same and furthermore will undertake not to give monopoly of Petroleum territories to any other foreigners but agrees that no concession whatever for petroleum-bearing properties in China be given to other foreigners until the proposed Corporation's workings prove satisfactory to the Chinese Government and the Standard Oil Company of New York, which period shall not exceed one year from date of signing contract.

"This Agreement is for 60 years from the date of signature during which term the Chinese Government promises that no other Foreign individual or Corporation will be allowed to produce Petroleum or any of its products in the said districts."

There seems to be a good deal of exclusiveness and closed-door policy about the above. No American writer, however, has ever held up this American-Chinese contract

to the condemnation of the world as a fragrant example of the violation of Secretary Hay's doctrine. For it isn't. Nobody would be foolish enough to invest a couple of million dollars merely to test a new oil field in China in order that some outsiders—without risking a cent—might rush in to gather a golden harvest the moment he proved the field profitable through his expensive tests. A degree of protection in the shape of exclusive rights must of necessity go with all development enterprises in a new field like China or Manchuria. Even while Secretary Knox was championing the cause of the Chinchou-Aigun concession in the name of the preservation of the principle of the open door the terms of that very concession carried the provision that at least half of the construction materials must be no other than American. There was no open market for all nations to sell their construction materials as far as the requirements of this particular Chinese line were concerned.

In a note exchanged April 28th, 1899, between Great Britain and Russia we find the following:

"Great Britain and Russia, animated by a sincere desire to avoid in China all cause of conflict on questions where their interests meet, and taking into consideration the economic and geographical gravitation of certain parts of that Empire, have agreed as follows:—

"1. Great Britain engages not to seek for her own account, or on behalf of British subjects or of others, any railway concessions to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the Russian Government."

Perhaps Great Britain had no less friendly regard for Japan, her ally at the time, than she had for Russia. Perhaps the British Government thought that the invasion by the British-built railway into the region north of the Great Wall was quite as unpleasant to the power

which had succeeded to the Russian interests there as to Russia herself. Perhaps these were the reasons. It is just barely possible, too, that the British Government did not take the same view of the incident as the wise anti-Japanese writers took. Anyway, it did not support the contention of the British firm against the protest of Japan, so the Fakumen-Hsinmintun Railway project found its grave in its very cradle. If the wise critics were right, then the British Government failed—and failed ignominiously—in a cardinal function of government: namely to protect the legitimate rights of its nationals. The indictment of these writers was therefore even more severe against the British Government than against Japan.

AMERICA AND JAPAN IN MANCHURIA

American interest in Manchuria took a dramatic turn in 1909. It came before the world under the name of Secretary Knox's "neutralization plan of Manchurian railways." The British interest connected with the Hsinmintun-Fakumen concession combined with a group of American bankers and secured from China the concession for building a railway from Chinchou to Aigun on the Amur, on the northern boundary of Manchuria, by way of Chengchiatun, Taonan, and Tsitsihar, a line of some 960 miles. The preliminary agreement was signed between them and the viceroy of Manchuria October 2d, 1909, at Mukden. Its text is given in Appendix 24. An Imperial edict of January 21st, 1910, approved the agreement.

China had watched the steady Japanese economic expansion in Manchuria following the Russian war with nervous distaste. She did not have the strength herself to curb it. Here, as so often in the past, the traditional Chinese method of making a foreign power fight her

battles against another foreign power came to the fore. Without a clear understanding of this ancient Chinese tactic, the reader will find it difficult to see just why China should have given the concession for a Chinchou-Aigun line at the time when the Hsinmintun-Fakumen proposition was killed through a Japanese protest.

It was largely in connection with this concession, given partly to a syndicate of American bankers headed by J. P. Morgan and Company, that Secretary Knox developed his plan for "neutralizing" the Manchurian railway lines, which is set forth in the following statement of his in a memorandum presented to the British Foreign Office in November, 1909:

SECRETARY KNOX'S NEUTRALIZATION PLAN

"Perhaps the most effective way to preserve the undisturbed enjoyment by China of all political rights in Manchuria and to promote the development of those provinces under a practical application of the policy of the open door and equal commercial opportunity would be to bring the Manchurian highways and the railroad under an economic and scientific and impartial administration by some plan vesting in China the ownership of the railroads through funds furnished for that purpose by the interested Powers willing to participate. Such a loan should be for a period ample to make it reasonably certain that it could be met within the time fixed, and should be upon such terms as would make it attractive to bankers and investors. The plan should provide that nationals of the participating Powers should supervise the railway system during the terms of the loan, and the Governments concerned should enjoy for such period the usual preferences for their nationals and materials upon an equitable basis *inter se*. . . .

"The advantages of such a plan to Japan and Russia

are obvious. Both those Powers, desiring in good faith to protect the policy of the open door and equal opportunity in Manchuria, and wishing to assure to China unimpaired sovereignty, might well be expected to welcome an opportunity to shift the separate duties, responsibilities, and expenses they have undertaken in the protection of their respective commercial and other interests for impartial assumption by the combined Powers, including themselves, in proportion to their interests."

The Peking Government was all for it, of course.

Sir Edward Grey speaking for the British Government thought it admirable in "general principle" but advised its postponement pending the settlement of the Hukuang loan.

The two powers which Secretary Knox had thought would naturally jump at this opportunity to "shift the separate duties, responsibilities, and expenses" of theirs onto the combined shoulders were the only ones who kicked. They were entirely too stupid, or perhaps too unselfish, to crave any such opportunities of shifting their responsibilities and expenses onto another shoulder painted so alluringly by Secretary Knox. In January, 1910, in her answer to the American proposal, Russia said:

"Nothing appears at the present time to threaten either the sovereignty or the open-door policy in Manchuria. Consequently, the Imperial Government cannot discover in the present condition of Manchuria any reason necessitating the placing on the order of the day of the questions raised by the United States Government. At the same time the Imperial Government believes that it must declare with absolute frankness that the establishment of an international administration and the control of the Manchurian railroads as proposed by the Federal Government would seriously injure Russian interests, both public and private, to which the Imperial Govern-

ment attaches capital importance. This proposition cannot, therefore, meet with a favorable reception on its part."

Then Russia went on to point out that the development of the Manchurian resources was not the only end of the Chinese Eastern Railroad; that it is "of a public interest of the first order to Russia. It constitutes the principal line of communication between the Russian possessions in the Far East and the rest of the Empire; it is also the great artery by which these possessions are supplied with Russian merchandise. In this way, the line is but an integral part of the Great Trans-Siberian Railway, which is used by almost all of Western Europe in its relations with the Far East. . . . It cannot therefore be a matter of indifference to the Imperial Government whether it is an international organ that administers a line of such importance or, on the contrary, a Russian stock company which is obliged not to fix the rates and conditions of transportation of merchandise by the Chinese Eastern Railroad without the consent of the Russian Government, and which, by the very nature of the concession obtained, is closely connected with the interests of the nation."

Secretary Knox's proposal did not strike Japan like a bolt from the blue, exactly. For some time before that, Japan had been sensing a change in that whole-hearted, enthusiastic support which America had given her all through the anxious days of the Russian war. Nevertheless, the American suggestion of the neutralization of Manchurian railways affected her profoundly—and painfully. For it should be pointed out right here that of all the treasures which Japan had held dear and precious, as far as her international relations were concerned, there was nothing in which she had taken so much pleasure and pride as in American friendship, American support, American encouragement.

Secretary Knox's note struck our country like a knife-thrust from a friend's hand. Suspicion of all Japanese actions and professions in and over Manchuria seemed to brood over it like a thunder storm, as the Japanese looked at it. "The Japanese press and many Government officials cried patriotism, and Japanese expansionists were outraged and behaved like caged tigers," wrote an anti-Japanese writer at the time. There was nothing of the sort. The Japanese felt hurt beyond words, but they were not roused to anger. There was Great Britain in the Yangtze valley; there was France in south China; a Belgian syndicate in central Provinces—one and all were behaving somewhat more exclusively than Japan in Manchuria as far as the open-door policy was concerned. There was nothing in Manchuria which threatened the political integrity of China any more than there was in any other "sphere of influence." Why, then, single out Manchuria—especially at the time when it had just emerged from the grip of Russian imperialistic grasp, when Russia herself was reversing her policy there entirely under the terms of the Portsmouth Treaty? Japan simply could not understand it. Some of these things were couched in the diplomatic phrases quoted here at length from a note of Count Komura's, January 21st, 1910, to the American Ambassador at Tokyo, in answer to the Knox note. Count Komura was singularly fitted to present the Japanese side of this question.

COUNT KOMURA'S REPLY

"The relations of friendship and good understanding which so long existed between our two countries, and the common desire of both that nothing may be permitted to weaken the sentiment of mutual good will and confidence, afford, I am happy to believe, ample assurance that a frank exposition of the reasons which

prevent my Government from giving their support to the scheme will not be misunderstood or misconstrued.

"The most serious objection to the proposal in question lies in the fact that it contemplates a very important departure from the terms of the Treaty of Portsmouth," he declares. This is interesting. For American critics without exception, then and to this day, have denounced the refusal of the Russian and Japanese Governments to fall in with the Knox plan as a violation of the Treaty of Portsmouth and an affront to it. Count Komura was one of the authors of the Portsmouth Treaty, and was apt to know something as to the meaning of that historic document. He went on: "That treaty was designed to establish in Manchuria a permanent order of things, and the Imperial Government firmly believed that in a strict and loyal adhesion to its provisions are to be found the highest guarantees of enduring peace and repose in this part of the world and of the orderly advancement of Manchuria. Not the least difficult of the many and important problems that were definitely solved at Portsmouth was the question of railways. That adjustment subsequently received the deliberate confirmation of the Chinese Government in the Treaty of Peking (December 22, 1905), and the railway operations now carried on in Southern Manchuria are consistent with the original concessions which were with equal deliberation granted by the same Power.

"Nor can the Imperial Government see in the present condition of things in Manchuria anything so exceptional as to make it necessary or desirable to set up there an exceptional system not required in other parts of China. There is nothing in the actual situation in that region, so far as the Imperial Government are aware, which exceptionally interferes with the undisturbed enjoyment by China of her political rights. So far as the question of the open door is concerned the principle of equal op-

portunity possesses in its application to Manchuria a more comprehensive signification than it has elsewhere in China, since, in virtue of Article VII of the Treaty of Portsmouth, the Japanese and Russian railways in those provinces are dedicated exclusively to commercial and industrial uses. Finally, in the matter of railway administration, it is impossible for the Imperial Government to believe that the substitution of the international in place of a national régime would prove advantageous or beneficial. On the contrary, it seems to them that in the presence of such a system economy and efficiency would, in the nature of things, be obliged to yield to political exigencies and that the divided responsibility of the system would invariably mean an absence of due responsibility, to the serious disadvantage of the public and the detriment of the service.

"These are the principal reasons why the project under examination does not commend itself to the favorable consideration of the Imperial Government. But there are other cogent reasons which cannot be ignored.

"In the regions affected by the Japanese railways in Manchuria there have grown numerous Japanese industrial and commercial undertakings which owed their inception, as they owe their continual existence, to the fact that the Imperial Government, possessing the railways in question, are able to extend to these enterprises and to the persons engaged in them due protection and defense against attack and pillage by lawless bands that still infest the country. In the development of these enterprises, which are contributing in such a marked degree to the prosperity and progress of Manchuria, a large number of Japanese subjects and large sums of Japanese money are enlisted, and the Imperial Government could not in good faith or with due sense of responsibility consent to surrender the means by which such protection and defense are made possible.

"The observations which I have now the honor to present to your Excellency, and which I venture to hope may prove as convincing to your Excellency's Government as they are convincing to my own, have reference to the plan in its widest sense, but they are, I should add, no less applicable to the scheme in its more restricted form, since the two plans in principle are the same and differ only in degree."

France supported Russia in her contention against the American proposal and in Russia's wish to be consulted by China before any railway-construction concession in North Manchuria should be granted.

British Foreign Secretary Sir Edward Grey, speaking in Parliament June 15th, 1910, is reported to have said:

"If Japan had taken the line of stating that she wished to have a railway monopoly in Manchuria, that would have been a distinct breach of the open door. If she made use of her position there by giving preferential treatment to her own people as against others, that again would be a breach of the open door. But for Japan to say that after all that has passed she has an interest in Manchuria which justifies her in wishing for participation in railways which may to some extent compete with the railway which is already in existence—not, I say, in opposing them in principle, but in asking for participation in them—it would be going too far for us to declare that that is an unreasonable demand to make, and to take active diplomatic steps at Peking to press for the granting of this concession."

Thus passed Secretary Knox's scheme. The British Government did not even see the wisdom of supporting the Chinchou-Aigun railway project with any aggressive measures in the face of the Russian objections. But the American proposal and the activities of American bankers did not pass as a shadow on the water. They brought forth a decidedly important fruit. For one thing, they

The Shengking Shihpao Building in Mukden, which houses the plant of the largest daily newspaper in Manchuria

A Street Scene in Tiehling, Manchuria

brought Japan and Russia closer together in Manchuria. The convention of July 4th, 1910, signed at St. Petersburg, was one of the tangible results. Its text is given in Appendix 25.

Two pending questions of minor importance between China and Japan were settled in August and September, 1909—the reconstruction of the Antung-Mukden line to which China gave her consent in the Peking Treaty of December 22, 1905 (Appendix 20), and the settlement of the Chientao trouble. Some of the Peking politicians tried to play considerable politics over both of these, but in the end settlements were reached to the satisfaction of both parties. The Antung-Mukden railway-reconstruction question was settled in a note of August 19th, 1909, and the Chientao affair by the agreement of September 4th, 1909.

TWENTY-ONE DEMANDS

Then came the Great War.

"The first task of the Foreign Secretary was to call for the aid of our Ally in the Far East," writes G. P. Gooch in "The Cambridge History of British Foreign Policy" (Vol. III, page 509). When Japan was summoned by her British ally to fulfill the terms of the Anglo-Japanese Alliance, she did not wait for long: on August 15th, she called upon Germany to hand over Kiaochou, with the view to its eventual return to China. The picture of Japan exhibited before the American public was quite different from this. Japan was painted as rushing her armed millions pell-mell over the Yellow Sea into Shantung in spite of all England could do to stop her. For what? For no other end whatever than to gobble up the whole of the Chinese Province of Shantung and thereby make good the first step in her nefarious and preposterous imperialistic design on the continent

of Asia. All that was pure, unadulterated propaganda bunk of course, but at the time it passed all over intelligent America as an eighteen-carat nugget of golden truth. Japan did not even take the trouble to deny the lie. She is old-fashioned in some things, in spite of all her up-to-dateness. Propaganda is one of them. It was below her dignity to deny any such silly buncombe as that. Her idea of propaganda was on the old-fashioned basis of Truth and the eternal years of God, which are said to belong to her.

In the first half of November, 1914, Japan was through with the job of taking Tsingtao and clearing the Pacific of German ships. As the new year came on, she thought of many and various questions which were pending between her and China. There was the question of Chinese neutrality, of the Shantung Railway, and of a tangle about the customs tariff at Tsingtao. Moreover, Japan had got a bitter lesson at the time of the Russian war. She waited to negotiate with China until after she had concluded the Portsmouth Treaty, and thereby lost many a precious vantage. Therefore, when China came to her with the demand to do away with the war zone and for the withdrawal of the Japanese forces from Shantung, she thought it an excellent opportunity of making a clean sweep of all the moot questions hanging over them. With this end in view, she approached China on January 18th, 1915, with what later became famous as the Twenty-one Demands.

CAPITALIZED BY ANTI-JAPANESE PROPAGANDISTS

At the very outset, the anti-Japanese propagandists made a grand master hit over this. They pictured Japan pussyfooting into Peking, just at the time when all the European powers had their hands full with their war, and holding up poor, defenseless China at the point of

the gun. This appealing yarn went with our American friends like the proverbial hot cakes.

It was an insult to American intelligence. Of course that had nothing to do with the case. Nevertheless, it was. A moment's reflection should have shown any American of intelligence that the greatest friend of China at the time, the one who would have acted quicker and more effectively than anybody else, was no other than Uncle Sam. It so happened also that the United States was the mightiest power on the face of the globe just then. The United States was not at war with anybody then; her hands were not tied in any way. It is barely possible that the anti-Japanese propagandists who cooked up the yarn did not know this fact; but nobody else could have been guilty of such an oversight. Japan, as a matter of fact, had nothing whatever to fear from her European allies, more especially from England, France, and Russia. They would have backed Japan in her demands on China—at least those over Shantung. This came out at the time of the Peace Conference at Paris. Japan had the promise of some of her European allies to back her in her demands on China as far as the German leases and concessions were concerned. The Chinese knew this pretty well. They did not waste time and breath appealing to any of the European powers to help her in her fight against Japan. They centered their efforts on the United States—which was sane and proper for them. Therefore all this entertaining talk about Japan sneaking in like a cowardly assassin to fall upon China when all her friends and protectors were otherwise occupied, is—mere entertaining talk.

Japan is a fairly good fighter as fighters go, and a good fighter rarely takes pleasure in a stab in the back.

The present writer is the last man on earth to uphold the righteousness of the Twenty-one Demands. He does not. Whenever another power rises to throw stones

at Japan, a certain Biblical passage comes into his head, that is all.

AN INSIDE STORY OF THE TWENTY-ONE DEMANDS

The reason why the anti-Japanese propagandists made such an excellent thing out of the Twenty-one Demands was, first of all, because our American friends are so utterly innocent about Chinese politics and politicians. The late President Yuan Shihkai was the master politician of his time and of his race. An incident connected with the Twenty-one Demands brings this out in dramatic relief. Ever since the presentation of the Twenty-one Demands, the 16-inch gun barbettes of anti-Japanese propagandists have been the Japanese ultimatum served on President Yuan at the time. The treaty was "signed under duress," therefore valueless, has been their battle cry.

The following sidelight on that historic occasion at the Presidential Palace at Peking was given me by a high Japanese authority who happened to be on the scene when it took place. The Japanese ultimatum of May 7th, 1915, was practically made to the order of President Yuan. There is no doubt he welcomed it: he frankly told the Japanese negotiators so. The Japanese diplomatists who negotiated the treaty were neither mad nor utterly silly. They did not like the idea of presenting an ultimatum: they did not like the appearance of the thing. The Japanese pointed out to President Yuan that as the result of long negotiations, and of repeated Japanese concessions, the differences between the views of the Chinese president and the Japanese side were very small, almost trifling. Therefore the Japanese diplomats urged Yuan to approve the terms. It was then that the talk of an ultimatum arose. The Japanese diplomats told President Yuan frankly that they did not like the idea

at all. Yuan looked up at them sharply and said: "But I would welcome it. I would much rather have an ultimatum than yield to your terms at this time."

No amount of argument could budge him an inch from this position. The inference was plain—to any one versed in any way with the time-honored methods of Chinese politicians. If Yuan Shihkai had a Japanese ultimatum in his pocket he would yield without any more ado. He could go before his people and say to them:

"Behold, here is a threat of war from Japan. China, our beloved China, is helpless at this unhappy time to resist the Japanese military invasion. I held out to the last. Here is the proof, the ultimatum. Of course, I had to save my country and my people from useless bloodshed."

That is what Yuan Shihkai did do. The story of the Twenty-one Demands is the story of a Chinese victory in the sense that it shows the impatience of Japanese diplomacy in walking right straight into the trap set by wily Chinese methods.

The so-called Twenty-one Demands have received a tremendous amount of free advertising, especially in the United States. They succeeded in creating a general impression that Japan had imposed her imperialistic will upon helpless China and made of her a sort of a vassal state. This impression is about as correct as the general run of popular impressions of the affairs of foreign states 10,000 miles from Broadway usually are in America. It is as near correct as a vague idea current in some sections of Japan that America has made of Mexico a sort of one-legged dependency of hers.

As a matter of historic fact, practically all the advantages Japan gained through the so-called Twenty-one Demands of May, 1915, were more apparent than real. Moreover, they were all readjusted at the Washington Conference to the satisfaction of all the parties con-

cerned, especially those connected with the former German concessions at Kiaochou and in other sections of Shantung. The chief considerations which Japan received through the Treaty of May 25th, 1915, as far as Manchuria and the Eastern Inner Mongolia went, were put into Articles I and II (Appendix 26):

ARTICLE I.—The two High Contracting Powers agree that the term of lease of Port Arthur and Dalny and the terms of the South Manchuria Railway and the Antung Mukden Railway, shall be extended to 99 years.

ARTICLE II.—Japanese subjects in South Manchuria may, by negotiation, lease land necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises."

NEW FOUR-POWER CONSORTIUM AND MANCHURIA

At Paris in May, 1919, the talk of forming a new consortium to finance China came to the fore. Japan was perfectly willing to join it—with a reservation, as she had done in 1912 in joining the old Four-Power Group of Germany, France, England, and the United States. There was nothing new in this Japanese attitude. Banking circles the world over were thoroughly acquainted with her point of view. The reservation was over Manchuria and Eastern Inner Mongolia, over her special interests which had been created in them. This did not quite satisfy the other members of the proposed consortium. Mr. Thomas W. Lamont, representing the American banking group, made a special trip to Japan and to China in 1920 for two things:

"The first was to find out," in his own words, "whether the Japanese banking group, with the approval of its government, intended to come into the consortium for China without reservations, on the same terms as the banking groups of the United States, Great Britain, and

France. . . . The second object was to visit China and make a report for the American group upon economic, financial and political conditions there."

Mr. Lamont had no easy job at Tokyo. Japan was asked to throw into the common contribution box her interests and concessions in Manchuria and Eastern Inner Mongolia. What was she going to gain for that? A partnership in the interests and concessions in other parts of China. That meant to Japan—nothing. Worse than nothing in fact. For Japan had no surplus funds to invest at the time; and what's more she knew she would not get any such capital funds for many years to come. She had not enough for her own use. Her concessions and special interests in Manchuria had cost her dear in efforts and in funds which she could ill afford to place outside of her own land, where her new-born industries were crying insistently for needed capital funds. Everything she had in Manchuria and in Eastern Inner Mongolia spelt sacrifice for her. She invested in Manchuria for just one reason: she invested under the profound conviction that it was nothing short of a question of her national preservation. The haunting thought that she had to have the essential raw materials which she did not have at home, such as iron and foodstuff, somewhere and somehow, had driven her to it. To America, England, and France, Manchuria is simply another field of exploitation of more or less promise. To Japan, Manchuria is a source of life and of national peace. There is a difference—a difference as big as between the moon and a mud turtle. Small wonder she hesitated.

For another thing it did not need a financial prophet to see that this loan consortium was nothing more or less than the creation of a financial dictatorship of a rather autocratic type. All the members of the consortium stood on absolutely equal footing. But the

United States was practically the only country which really had the money to loan to China. Japan might have gone to the New York market and got money and loaned it and so have held her end in the consortium; but that was simply going around the circle and would not have got her anywhere. Other members were in the same boat to a more or less extent. Under the circumstances, there was, there could be, only one voice that could speak with authority. In the hour of emergency, was Japan to have equal freedom of action—was she entitled, in all fairness, to have equal voice with the United States in dictating what to do and how to protect the loan when all she had put up was an American fund she had borrowed, or when she had put up only one million dollars to America's hundred millions, simply because every member of the consortium was on an equal footing?

Autocracy is the best form of government if—yes, IF the autocrat happens to be naturally too good to be bad or entirely too wise to be wicked.

In Tokyo, on the 11th of May, 1920, at a dinner given in honor of Mr. Thomas W. Lamont, it was announced that Japan threw all her reservations to the wind and joined the New Consortium on precisely the same terms as the United States, England, and France.

That was a rather heroic manner in which Japan registered her faith and confidence in the intelligence, fairness, and integrity of the American financiers. Through that one act Japan simply came out before all the world and said: "We believe we can bank safely on the intelligence of our friends the American financiers to understand our position and our needs in Manchuria clearly and sanely. We believe they are entirely too wise to be wicked, to be taken in by all the clamorous anti-Japanese propaganda. We hesitated at first, for our Manchurian interests mean a lot to us. But on second

thought we are rather glad of this opportunity of proving in as convincing a manner as possible that we harbor no scheme in Manchuria too dark for their wisdom to approve."

I have said that Japan had nothing to gain in throwing away her reservation over Manchuria and Eastern Inner Mongolia. I was then speaking of material advantages only. A viewless asset of inestimable value was at stake: the confidence of Financial America. Japan wisely decided that even some of her Manchurian interests should not be permitted to stand between her and the American confidence. So she has pooled her Manchurian concessions with the rest.

That was the larger, the real, meaning of Japan's entry into the New Consortium. After this, it would seem to me, she is entitled to be placed, once for all, beyond the cheap blatant barkings of anti-Japanese propagandists slandering her as the chief sinner against the American Doctrine of the Open Door.

MANCHURIAN RAILWAYS BUILT WITH JAPANESE LOANS

China built the Kirin-Changchun Railway partly with funds furnished by the South Manchuria Railway Company. The line is seventy-nine miles long. It connects the northern terminus of the South Manchuria Railway with Kirin, the capital city of the Province of the same name. The construction work on it was completed in October, 1912. This line is looked upon as the first step in the building of the Kirin-Kainei (Hueining or Hoilyong) line, which in connection with the North Chosen line is expected some day to reach the port of Chungjin on the Sea of Japan. The completion of such a line would open up an entirely new line of outlet for the central plain of Manchuria. Such a line would also cut down the distance between the productive Sungari

basin of Manchuria and the Japanese ports on the Sea of Japan by hundreds of miles. The promise of the short Changchun-Kirin line is therefore very great.

China also built the fifty-five-mile line between Ssupingkai on the main line of the South Manchuria Railway and Chengchiatung near the border of Mongolia by the money furnished by the Yokohama Specie Bank of Japan through the loan agreement of December 27th, 1915. It was started in the summer of 1916 and completed in October, 1917. This forms a section of the Ssupingkai-Taonan line, connecting the chief city of Eastern Inner Mongolia with the main line of the South Manchuria Railway.

China signed the preliminary loan agreement for the building of the Kirin-Kainei (Hueining) line on June 18th, 1918 (Appendix 27). Through it, she got an advance loan of $10,000,000 immediately after the signing of the agreement.

China got the money. That is to say, the Japanese banking group made good their end of the bargain. China spent it. For what? No official statement is available here, but one thing is clear: China did not spend the $10,000,000 for the building of the Kirin-Kainei line. That much is certain.

Article 5 of the loan agreement reads: "A [Chinese Government] shall pledge the following assets to B [Japanese banks] as security for payment of interest and redemption of the present loan bonds:

"All the property owned by and the revenue due to the railway either at present or in the future."

If a mere citizen of any of the civilized countries on the face of the globe borrow money from a bank to build a house, offering the prospective house as security, and then spend the money for drinks and current expenses, he is not apt to be put up as a candidate for the high and noble sympathy and moral support of his neighbors.

It is really remarkable what a tremendous lot of moral support and enthusiastic sympathy China was getting in the United States in the closing days of 1918 while she was spending the $10,000,000 which she had flimflammed out of the Japanese banking group. And the harsh and downright condemnation which a large part of the American public opinion was heaping on the devoted head of Japan for robbing poor, helpless China right and left, just about the same time, is still more remarkable.

The preliminary agreement for loans to build the so-called Four Railways of Manchuria was signed on September 28th, 1918, between China and a group of Japanese banking interests represented by the Industrial Bank of Japan (Appendix 28).

The prospective lines mentioned in the preliminary agreement were: Jehol-Taonan line, which is said to be about 470 miles; Kirin-Kaiyuan by way of Hailungcheng of about 230 miles; Changchun-Taonan of about 180 miles; and another line starting from a point on the Jehol-Taonan line and ending at an unnamed seaport, presumably on the Gulf of Liaotung. Just when these important lines will be built or even started is about as uncertain as the Peking politics of the day. Certainly, there is no prophet bold enough to venture even a guess on it.

Meanwhile the Japanese policy in continental Asia has changed, and changed much since the days of Okuma and Terauchi. For some years, now, she has been concentrating her efforts on a constructive program. In Manchuria, she is working out her own economic and industrial salvation as well as that of Manchuria, through the activities of the great South Manchuria Railway. In this way, the story of the S. M. R. takes on a new meaning.

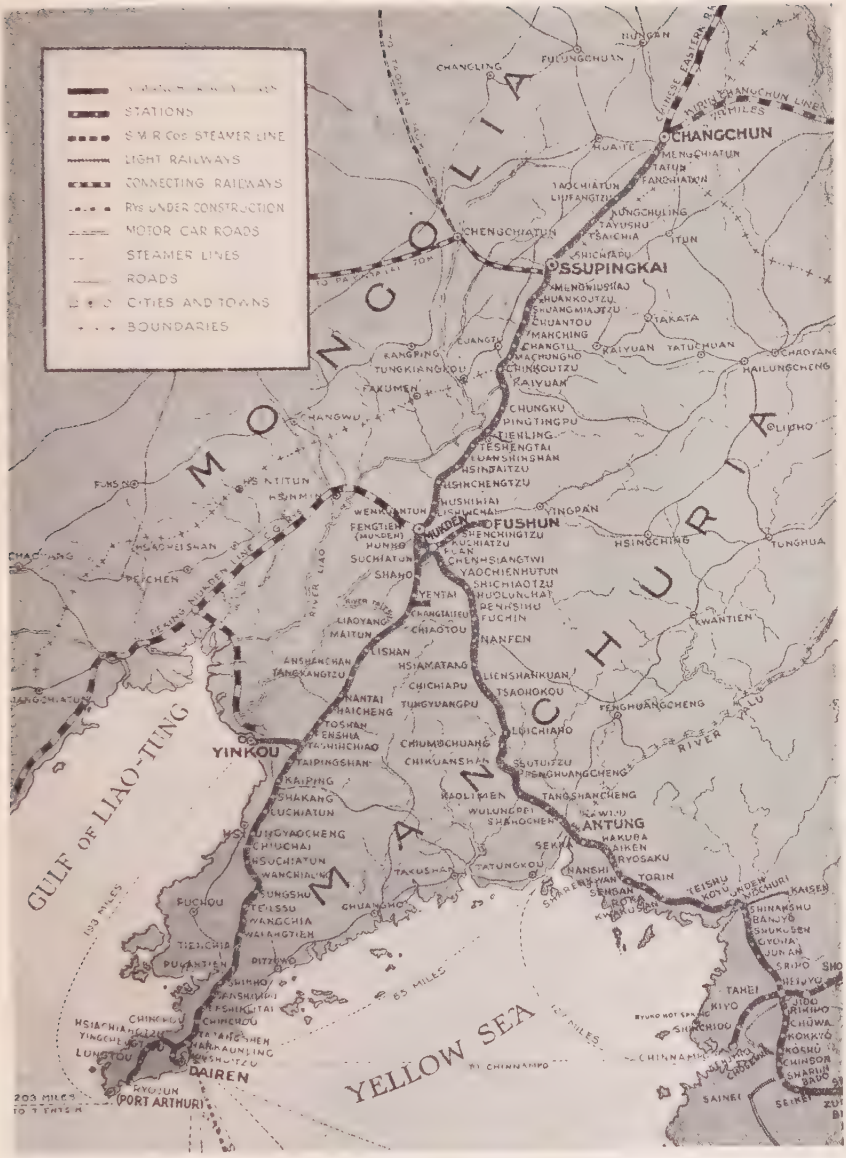
CHAPTER VI

THE SOUTH MANCHURIA RAILWAY

RUNNING across the front porch and entrance hall of continental Asia is a line of railway. It advertises American locomotives, American Pullman sleepers, American passenger and freight cars and other railway equipment as nothing else does in the whole of Asia. It is the one outstanding, ever-operating show window for American railway products.

The line is 686 miles long. It is run by a company capitalized at 440,000,000 yen—which is a trifle less than $220,000,000 in the much-appreciated American money when the exchange rate is anything like normal. Its actual assets are valued at more than 1,400,000,000 yen. Among them are the coal deposit of the Fushun mines, estimated at more than 1,200,000,000 tons, and the iron-ore deposit at Anshan, which is more than 200,000,000 tons. Its gross revenue for the financial year ending March 31, 1924, was 185,698,324 yen, and the net profit was 34,795,592 yen. This railroad company employs about 45,000 people.

The line was not built by American engineers: it is not an American railway. That is the thing which makes it all the more remarkable. For on it, this very day, are running more than 300 American-built locomotives and more than 1,500 freight cars of American design built in American shops by American mechanics. Its famous through expresses are made up of the familiar Pullman sleepers. Monster steam shovels, dredges, and cranes, playing the Titan at its Fushun mines and along



Map of the South Manchuria Railway System

its line, bear such legends as "South Milwaukee, Wis." on their side plates. More than 89,000 tons of American steel rails from the great U. S. Steel Corporation plants are on its road beds. It has recently spent more than 6,000,000 yen for American machinery and American materials.

This American-equipped line is called the South Manchuria Railway.

Of course, and naturally, 110,000,000 out of 110,000,000 American friends of ours are utterly ignorant of the very existence of the S. M. R. That does not seem to trouble it at all. It stands out there on the jumping-off edge of the world as the one outstanding advertisement of American genius in the manufacture of railroad equipment. And oddly enough it is the reviled and much-discriminated-against Japanese who put it there.

There is a story about the funds with which Japan bought all this American equipment—a story which throws an interesting side light on the troubled theme of how Japan feels toward America.

Japan did not have the ready cash. No doubt she should have gone to Wall Street for funds. But the Wall Street of those days was not the Wall Street of to-day. Perhaps, at the time, it did not have money to loan to a railway out in Manchuria. Anyway, Japan raised the funds on the London market: 12,000,000 pounds sterling in two loans. And Japan spent no less than two-thirds of that sum—not in England for British machinery and railway equipment, but in the United States for American products.

It was not altogether pro-American sentiment that brought this about, to be sure. Certainly it was not because the Japanese were hostile to the idea of British goods or ungrateful for British financial accommodation. The South Manchuria Railway Company, at the time, needed locomotives, rails, cars, and materials quickly.

American manufacturers had the facilities to answer its pressing call. The British had not. As a matter of fact, some of the American companies commenced delivery on some of the goods within two weeks of receiving the order.

Last year I covered the South Manchuria Railway from end to end. I was told by engineers in charge that the British machinery was superior to the American. To prove the point they pointed to the fact that British concerns were able to secure a large portion of the South Manchuria Railway business later on. But then came the World War. That changed the complexion of things a lot. The S. M. R. had once more to enter the American market for its purchases. At the end of the war America found herself in a commanding position in the Oriental markets while England and other European states were slowly recovering.

To-day things are changing again out there, with the return of European competition. America can hold her commanding position only in one way: by producing goods and machinery superior in quality to European products, or at least equal to them.

America commands superior facilities in filling orders, and her geographical position is a decided asset in oriental trade. American manufacturers of electric machinery have done much in convincing the Japanese of the excellence of American makes. That is going to tell in future dealings with the S. M. R.; for the Company does a good many more things than merely give transportation to the peoples of the East. It is aspiring to be the light of Manchuria as well as its feet. Lighting Dairen, Mukden, Changchun, and other great cities of Manchuria, is one of its many serious enterprises. The gentlemen of the Congressional Party, some years ago, must have been somewhat astounded to see the most up-to-date system of electric lighting pushing the romance

American steam-shovel at work at Fushun

out of the twilight gloamings of the natal city of the Manchu Dynasty. They would have been still more surprised had they gone into the power plant of the Mukden Electric Company. For on its huge generators they would have seen a familiar trade-mark in the world-famous combination of the two capital letters "GE."

RAILWAY EMPIRE-BUILDER

But it is as a railway and an Empire-builder, precisely analogous to the Great Northern and the Union Pacific lines in the westward course of American advance, that the South Manchuria Railway holds its rank. It was merely a political line when it was built by Russians in 1901—the first steel paw of Russian Imperialism in the direction of the ice-free port of Dalny, the present Dairen. The Portsmouth Treaty, which ended the Russo-Japanese war, gave the line to Japan—436 miles of it from Changchun to Port Arthur and Dairen. The Russian line was of five-foot gauge. During the Russian war Japanese army engineers changed it to the narrow gauge of three feet and six inches of the national railways of Japan, so that they could use the locomotives and cars shipped over from Japan. When the South Manchuria Railway management received the line it also received certain definite orders from the Government. One of them was to change the gauge once more—not back to the broad gauge of the old Russian line but to the standard gauge of American railways, four feet eight and one-half inches.

This was perhaps the most flattering tribute that Japan had paid to America since the days when the late Prince Ito and his advisers fashioned the banking and other financial systems of Japan after the American pattern. Of course no American newspapers announced this news in headlines an inch high on their front pages. It takes

the anti-Japanese propaganda of our Californian friends to achieve that. The idea back of the governmental order was clear. It was crowning American genius and achievement in railway construction as the pinnacle of human advance in that particular direction. The Japanese authorities simply came out before all the world and said that they were going to build a railway system in far Manchuria which was to be on a par with the best the world could offer at the time.

And the result?

Coming down from Changchun south to Mukden last year, I met a young American who was looking after the business of the Standard Oil Company of New York, in Manchuria. "I cover a good deal of territory around here," he told me, "and whenever I come in touch with the S. M. R. I feel I am hitting home—about the only thing out here that makes me think of the good old U. S. A." The compartment in which we sat talking might have been a section in the "Broadway Limited" or the "Twentieth Century Limited." No mortal could have told the difference if the scenery rushing past the windows did not help him out.

MAGNITUDE OF THE COMPANY

In its babyhood, back in November, 1906, when it was formed, the South Manchuria Railway Company was capitalized at only 200,000,000 yen. Even then it was the greatest company ever formed in Japan. It was a joint stock company organized in some respects according to the commercial law of Japan, but it was very far from being a mere commercial or transportation enterprise. It was called into being by an Imperial Ordinance of June 7th, 1906. Count General Kodama—he who was famous as the brain of Oyama's camp in the Russian war of 1904—was appointed the president of the organi-

South Manchuria Railway Company's Library at Dairen

Dormitory for bachelors among the South Manchuria Railway employees at Mukden

zation committee of eighty eminent men of the Empire, and at his death Viscount Terauchi, who was the Minister of War at the time, succeeded him. The Japanese Government took over 100,000,000 yen worth of its capital stock as payment for all the property it turned over to the company, 437½ miles, including the trunk line (as it stood then) from Changchun to Dairen, and its seven branches; also 188.9 miles of light military railway from Antung to Mukden, as well as the coal mines at Fushun and Yentai, etc.

No company known to the memory of financial Japan has come within a hundred miles of the South Manchuria Railway Company in its popularity with the investing public of Nippon. The first offer of its shares for public subscription caused a sensation. The shares were oversubscribed 1,066 times. Not for financial profit, mind you. For at the time none of the Japanese subscribers ever dreamed of the rainbow gold. The Russians had spent a pile of rubles on it: they had not made a single penny out of it. And the Japanese investors in the South Manchuria shares knew that well. It was entirely sentimental, altogether patriotic. Here was the only thing Japan had to show for more than 100,000 brave sons of Nippon who had died in Manchuria, not to say anything of billions of yen, the fruit of their pathetic sacrifices made in fighting back the Russian avalanche which threatened the very life of the Empire. The whole nation rose as one man and said it would make this thing an outstanding success if it took the last penny. That, and nothing else, was the reason why the first offering of the South Manchuria shares were one-thousand-and-sixty-six times oversubscribed.

From the very first the South Manchuria Railway has proved to be astoundingly profitable. Under able management all its stockholders made money—a lot of it.

But nobody was so astounded by its prosperous showing as the first subscribers. Both the Government and the people of Japan were anxious to have the Chinese Government as a stockholder of the company. The Japanese Government invited the Chinese Government to take such portion as she liked of the 100,000,000 yen worth of its shares set aside for public subscription. But when the Japanese Government approached the Chinese Government with the invitation China, whose reputation for financial sagacity is world-wide, turned it down cold. The Chinese Government has not a share of the South Manchuria Railway to-day. Not because the Japanese slammed the door in its face, but because the Chinese's own business sagacity froze them out of it.

In June, 1920, the Company increased its capitalization from 200,000,000 yen to 440,000,000. The Japanese Government increased its holdings by 120,000,000 yen by taking over the two debentures the company had floated on the London market: 6,000,000 pounds sterling of five per cent. and the same amount of four-and-one-half per cent. It holds fifty per cent. of the capital stock, therefore—the same proportion as it has always held. Of the remaining shares, 160,000,000 yen worth have been subscribed by the public, and 60,000,000 yen worth are still unissued.

The statement for the financial year ending with March 31, 1924, shows that the S. M. R. has invested since its formation in 1906 more than 536,000,000 yen in its various properties. The amount of money the company has loaned out—principally in financing the construction of Chinese railways in Manchuria, such as the Kirin-Changchun line—stands at more than 59,459,000 yen. It has more than 38,000,000 yen on deposit: and accounts receivable amount to more than 12,427,000 yen, while its stores are valued at more than 22,570,000 yen.

INVESTMENTS IN RAILWAYS

Of its total investment of more than 536 million yen, the South Manchuria Railway spent considerably more than 200 million yen or 39.5 per cent. of the total for its railways and equipment. It spent $12,000,000 in rebuilding the 170 miles of Antung-Mukden line from the light military railway of two feet and six inches gauge into a part of the trunk line of standard gauge of four feet eight and one-half inches. If this reconstruction job had been done in the United States with American labor the cost would have been much closer to $100,000,000 than to $12,000,000. The work took from August, 1909, until October of 1911. It was pushed without a let-up through the rigor of a Manchurian winter and through the torrential rains of the summer season. It stands to-day as one of the most notable engineering works in the whole of the Far East. It pierces its way through the Changpai range by means of its twenty-four tunnels. The one at Fuchinling is 4,884 feet long, and the one that bores through Chinkuan-shan measures 3,254 feet. It makes its way over 205 bridges. The longest of them is the iron bridge over the Taitze River, 1,779 feet long. The twenty-four tunnels and 205 bridges shortened this line by more than eighteen miles.

The Company spent more than 15,000,000 yen in double-tracking the main line between the port of Dairen and Suchiatun, a distance of 238 1/3 miles. In the four years 1908-1911, inclusive, while the work of reconstruction was being pushed, the Company spent no less than 56,328,691 yen for its railway alone. In 1919 it spent more than 25,893,000 yen, and in the single year of 1920 it put more than 34,000,000 yen into its railways. This liberal investment told in many ways—the condition of its roadbed, the heavy steel rails upon it, all imported from the United States, and its equip-

ment, among other things. There are 366 locomotives of all the types one usually sees on American railways. Practically all of them were fashioned in one of the great American locomotive works or were built at the South Manchuria Railway's own shop at Shakakou with American materials and according to American design. Its freight cars, embracing the full line of coal, sand, and ore cars, with tank cars for oil and water, as well as the refrigerators, number more than 5,960 in all. Its 373 passenger cars include a large number of Pullman compartment cars and American diners of the latest design.

Was it wise—all this tremendous outlay on a line of railway running through that far-off, bandit-infested corner of the Far East called Manchuria, where the daily reward for unskilled labor is not much higher than fifteen cents gold? There is just one thing which seems to answer YES to the query, and in capital letters. To wit, a couple of rows of figures in the income statement of the South Manchuria line. For the financial year ended March 31, 1924, it took in 92,269,703 yen. It spent in operation 35,787,588 yen. Which means the net profit of 56,482,115 yen.

These figures have a touch of eloquence not apparent at first sight. To those who know the quicksand of depression on which the business and financial Far East has been treading, following the soda-pop, post-war prosperity of 1920, they are little short of sensational.

ITS MINING OPERATIONS

A few-million years back of the memoried past, a mass of vegetation and forest vaster than that known to human eye was buried under ground out there on the Manchurian plain by one of the earth shudders which doubtless gave birth to the range of heights we know

Togo pit of the Fushun Colliery

by the name of Changpai. Under heat and pressure as violent as everything was in those days when the earth was young, this stupendous mass became completely carbonized. And that, precisely, is what we call the Fushun coal seam to-day.

It is the thickest coal seam which has been discovered so far anywhere on the face of the globe. At the point near Lungfeng Pit, where it is thinnest, it measures seventy-eight feet; at its thickest, directly under the mining town of Chienchinchai, it measures 426 feet. The average thickness is about 150 feet. The general run of coal seams in the United States, Great Britain, and Germany runs from two to forty feet. Comparison is said to be odious. This one is humorous; and the laugh is on the American and European coal fields.

The coal field of Fushun lies in the valley of the River Hun a little over twenty-two miles east of Mukden. It runs east and west on the river's south bank: about ten miles from east to west and two miles wide. The coal deposit is estimated at 1,200,000,000 tons. All this is bituminous coal exceptionally high in volatile matter, with heating value of 12,400 B. t. u. per pound. It ranks with the best of Japanese coal for engine fuel because of its small quantity of ash and clinker and the almost total absence of sulphur and other objectionable elements. For the production of gas it stands peerless among the coals of the Far East. A large part of the deposit is not suitable for coking. At one time, before the deposit had been examined at all points, it was thought that the Fushun deposit was altogether lacking in coking quality; but with the opening of the eastern section of the seam about Lungfeng, a large quantity of coking coal was discovered. At present the two pits at Lungfeng and Hsintun are furnishing coke to the Anshan Iron and Steel Works, which also are under the South Manchurian management. The large amount

of nitrogen present in the Fushun coal persuaded the management to establish at Fushun its Mond gas-producer plant, which, while generating electric energy, is at the same time producing a great quantity of sulphate of ammonia as a by-product. Through the years of the Great European War the company operated twenty generating furnaces on the Mond system and fourteen on the Limm system. The electric energy generated is furnished to every department of the coal mine. The surplus is sent over to Mukden for both lighting and power.

Some 700 years ago Chosen vagabonds wandering over the new pastures of Manchuria stumbled over some black rocks sticking out of the earth. That seems to be the first recorded instance of human knowledge of the hidden wealth. They exploited it with their primitive pick-axes and shovels. A little later the Manchu Princes forbade the further digging of the coal at Fushun for the one and only reason that it was near the Tombs of Emperors outside the ancient capital city of Mukden. They were afraid the mining operations might trouble the spirits of their translated ancestors. When the Russians entered Manchuria with their feverish dream of Oriental Empire they appreciated the value of the mine and took it over with little ceremony and much haste, and worked it jointly with the Chinese. But it was on a small scale: the daily output did not exceed 360 tons.

In 1907 the Fushun mine was turned over to the South Manchuria Railway Company, along with the Yentai and other minor coal fields. Then it entered a new era of large-scale production on a scientific basis and equipped with modern machinery almost entirely imported from the United States. Dr. Matsuda, who was the first superintendent-general of the mine, lost no time in mapping out what has come to be known as the first stage of the program of developing the mine. When he took it over from the Russians there were three old pits:

of Chienchinchai, of Yangpaipu, and of Laohutai. The first stage of development was completed in 1911 at the cost of 9,200,000 yen. Two new pits were added at Chienchinchai and at Yangpaipu: one was named Oyama Pit and the other Togo Pit, and the daily output rose from 360 to 5,000 tons. The second stage in the development of Fushun colliery introduced the open-cut mining method at Kuchengtze and at Chienchinchai and the construction of the Mond Gas Producers' Plant among other important things. It was completed in 1918 and brought the daily output to about 7,000 tons.

The Great War in Europe, which affected the most obscure corner of the earth, brought a period of industrial activity both to Manchuria and to Chosen. That naturally resulted in an abnormal demand for coal in the two countries. The output of the Fushun mine could not satisfy the new and ever-mounting demand. In 1918 Manchuria imported 150,000 tons of coal, and in the following year, 1919, the amount of imported coal rose to 490,000 tons. This resulted in a ten-year program drawn up in 1919, the third stage of the mine's expansion. In the two years 1919 and 1920 the company spent more than 23,792,000 yen for the extension of mining operations, and up to March 31, 1922, the capital expenditure of the company in its coal mines, which of course includes those of Yentai and Fushun, totaled more than 121,057,000 yen. To-day, the Fushun Colliery is working two open-cut mines, two perpendicular pits, and six sloping ones. For the financial year ending with March 31, 1923, the coal production reached the unprecedented record of 4,392,000 tons.

BUILDING PORTS AND PORT FACILITIES

When the Chinese handed over to Russia the tip end of the Liaotung Peninsula through the now famous

Pavlov Treaty of March and May, 1898, as the reward for driving out the Japanese from the very same southern section of South Manchuria, everybody knew Port Arthur as the Gibraltar of the Far Eastern seas. Some twenty-nine miles from the famous naval port, just where the neck of the peninsula shrinks into the narrow isthmus at Chinchow, there slept a sheet of water locked in the embrace of two land arms stretched out into the Yellow Sea. It was called the Bay of Dairen. There stood a shy, disreputable fishermen's village on the edge of the bay. Nobody paid the slightest attention to it—until, rather suddenly, the Russians decided to dress it up as the ice-free port of their century-old dreams. They christened it Dalny. Huge cement blocks costing a hundred rubles apiece were thrown into the unoffending bay with fierce enthusiasm: that was the way the Russians meant to build a great port. They threw their rubles about in grand style. With all their expenditure, however, when the port was given over into the hands of the Japanese it was less than half finished. Only two piers were completed: the present Pier No. 2 and Quay A. Of the Pier No. 1 only the southern half was finished. Its northern end was less than half finished. Of the northwestern breakwater, a small section of its eastern end was taking shape: the western half of it was utterly untouched. As for the eastern breakwater, the Russians had thrown in a lot of rocks along the line at which they hoped to see it rise; nothing more. The Russians had built a small drydock there also. It might have accommodated a ship of two- or three-thousand tons. This was the only commercial drydock on the coast of North China at the time. The drydock at Port Arthur was reserved entirely for the use of the navy. The commercial drydock was leased to the Kawasaki Dockyards in 1909 after the Japanese took it over. Later, in 1914, it was enlarged to take care of vessels up to

Panoramic view of the Wharf Compound at Dairen—showing Pier

Showing Quay "A" with its warehouses in the foregrou

on the right, Pier No. 3 in upper left, and Quay "B" connecting them

Pier No. 1 with its warehouses on the upper right corner

6,000 tons. In March, 1923, this dock, together with the naval drydock at Port Arthur, was sold to the Manchuria Dockyard Company, a private corporation. For, from the very beginning Japan rejected even the bare idea of retaining Port Arthur as a naval port, and the Japanese navy department had no idea of maintaining it for the use of its fighting ships.

The City of Dairen, as it stands to-day, is at once the monument and the measure of Japan's ability as a builder of modern cities. Last year I entered it both from the sea and from the land side. Twenty-three miles out at sea a steamer can see the twinkling of the lighthouse which guards the entrance of the Port of Dairen. The general aspect of the city as the early light lifts the blanket of mists from it is that of a European or American port. Its two and a half miles of cement-walled piers are crowded with ships of all flags. Its modern occidental buildings, tall-chimneyed factories, and red-roofed residences climb from the waterfront up the slope—for, like Seattle and Kobe, Dairen is built on the side of a hill. There is nothing of the immemorial East about it. Only by a glance to the right, at the junk wharf where the Chinese junks lift their forest of bat-winged masts to the sun, can a traveler tell Dairen from any of the busy ports of America. In point of port facilities, paved streets, modern office and residential buildings, telephones, electric tramways, school facilities, water-supply, and hygienic provision, Dairen can stand alongside Kobe or Shanghai without a blush. And Kobe to-day ranks at the head of the ports of Japan in her modern construction and equipment.

Dairen's new breakwater measures 13,436 feet, and the water area enclosed by it is 2,500 acres. Her piers and quays have a total berthing-wall-length of more than two and a half miles. Twenty-seven steamers ranging from 1,000 to 25,000 tons, with a total tonnage

of 170,000, can be berthed at one and the same time. There is another pier not included in the above, outside of the breakwater, which measures 1,132 feet in length. This is devoted entirely to the loading and unloading of oil and combustibles. All these piers are equipped with water hydrants, twenty-one steam and electric cranes, and other machinery for the handling of cargoes. Fourteen tug boats, three twenty-five-ton and two fifty-ton floating cranes, and a number of water-boats are also at the service of the ships entering the port. On the piers and within the wharf compounds there stand seventy-three warehouses, which can house nearly half a million tons of goods. Outside of these there is an open storage ground of 396,694 square yards. These piers are equipped with fifty miles of railway tracks.

This great port city, with the exception of a small nucleus which the Russians had laid out, was built in a very large measure by the South Manchuria Railway Company.

At the very first the Japanese administrators of the South Manchuria Railway looked upon its system as a part of a great international highway connecting Asia with Europe. The Company built a special steamer, *Sakaki Maru,* of 3,876 tons with the speed of nineteen knots, and placed it on the service between Dairen and Shanghai. The old historic *Saikyo Maru* was another steamer put on the same run. The steamers touched at Tsingtao on their run across the Yellow Sea between these first and second ports on the continental shores of China. And in 1908 the Company opened the new short route from Shanghai to European capitals via Dairen and the South Manchuria line, connecting with the trans-Siberian line on the north. The Company also opened a coastwise shipping line between Dairen and the ports of South China for freight service. These lines have since been sold to the Dairen Steamship Company.

Courtesy of I.J.R.R.

Map of

I
J
K
L
M
N
O
1
2
3
4
5
6
7
8
9
10
Military Hospital
Kuan tien miao
Shu kang Park

y of Mukden

The Great War stopped the through European express service of the South Manchuria line; but as soon as conditions in Siberia and Russia make it possible the management intends to restore it.

AS BUILDER OF CITIES

What the Company did at Dairen, it did on a different scale at Mukden and up and down the line to Changchun in the north and to Antung in the East. When the South Manchuria took over the railway there were about 5,000 buildings in the railway zone covering some 174 acres. By the end of 1917 the number of buildings had increased to 11,177 and the area to 336 acres. The first impression I got of the New Town of Mukden last year was almost bewildering. Night had fallen when the Through Express from Antung on the Chosen border pulled into the Mukden station. As I stepped out of the station building—decidedly too imposing for anything my imagination could have pictured in the heart of the Manchurian plain—out upon the spacious Plaza in front of it, with myriads of electric lights flowing away from it down broad Naniwa Dori, the scene reminded me of the spacious approach to the Pennsylvania Station at Washington, D. C. All the buildings lining Naniwa Dori and other streets leading away from the Plaza were of rusty red brick and entirely of occidental architecture. They were mostly shops and office buildings, with a profusion of electric signs on them. And this New Town of Mukden was almost entirely the creation of the S. M. R. At Changchun and other points one meets a similar sight, of course on a much smaller scale.

When the Company took over the Railway Zone, in April, 1907, there were less than 12,000 Chinese living in it. In 1915 the number was more than 51,000. In 1920 there were more than 103,000 of them established

and living within the zone. There is more than one sane and solid reason for the popularity of the Railway Zone with the Chinese. The zone is a mere ribbon of land on either side of the railway track and is insignificant in area—less than 61,000 acres in all. That does not cover much of the 382,627 square miles which happen to be the total area of Manchuria. All this does not prevent the anti-Japanese propagandists in China and America from painting Japan as a mailed villain spreading out over all of Manchuria, of course; but that is quite another story. Although an infinitesimal fraction of the total area of the country, the Zone is about the only spot which is practically, although not entirely, free from the blood- and booty-thirsty bandits who have made the name of Hunghutze famous throughout the Far East. And that appeals to the long-suffering Chinese merchants of Manchuria, who have been growing lean over the constant payment of peace money to the bandits from generation to generation for countless ages. The Zone is under the protection of the Japanese police; and the meaning of that has been pounded into the understanding of the natives at every bandit raid, so that by now the idea of Japanese protection seems to have got underneath even the Hunghutze skins. Another reason for the popularity of the Zone is that this narrow strip running through the heart of Southern Manchuria has become the business center of the Three Eastern Provinces. The transportation facilities offered by the railways running through made it so; also the protection for life and property offered within it. Still another and equally telling reason is that the South Manchuria Railway Company has been playing the rôle of a fairy godmother to the Zone all along, giving it educational institutions, hygienic facilities, recreation grounds; and through its own social welfare activities has made it a little modern paradise in the eyes of the Chinese, the like

of which the ancient Land of the Manchus has never known. Another, and by no means the least in the eyes of the Chinese merchants, is that it is free from the pestiferous *likin* tax.

S. M. R. MORE THAN A RAILWAY COMPANY

It is this function of calling cities into existence out of brown patches of acreage along its railway lines, of administering them—giving them schools and hospitals and parks and playgrounds and waterworks and electric light and power plants, sewage and other sanitary systems—which places the South Manchuria Railway Company apart from so many other great corporations of the world. And it is precisely this activity that eats up a major portion of the earnings of its railway and coal-mining business. The Company cannot cut itself off from this expensive humanitarian work. The Government of Japan, which granted the charter and holds 50 per cent. of the stock, for which it is getting only 4.3 per cent. in dividends while all the private stockholders are and have been for years getting 10 per cent., has commanded it to attend to this work.

The Company has established at principal points in the Zone no less than twenty-six elementary schools for the children of Japanese colonists, and three middle schools, or academies; four higher girls' schools; ten girls' schools for domestic science; and one commercial college. For the Chinese children: thirteen elementary schools, one school where the Japanese language is taught, one middle school, and three commercial schools. In addition to all these the Company has established two really great colleges for advanced students: one is the College of Industry in Dairen and the other is the Medical University at Mukden, both open to Chinese and Japanese students alike on precisely the same basis.

At the outset the men in charge of the Company's educational work realized that the only effective and right way of educating Chinese children was to apply to them the compulsory educational system which was in force with the Japanese children. To practice this was no easy matter. With the century-old customs and the fixed modes and ideas of life and education which the Chinese had, it was practically impossible to get the children out to school for many years. The Company solved the knotty problem in the end, however, and in the simplest manner imaginable: it made schools and schooling so irresistibly attractive to the natives that they could not keep their children away from them. It took time, but the Company sold the idea to the Chinese in a big way. When I was in Manchuria last year the only problem keeping the educational department of the Company up nights was how to meet the demands of the Chinese children for educational facilities.

Out in the country districts far from schools, the South Manchuria Railway Company provided free passes for school children. Moreover it fashioned the schedules in such a manner that trains stopped near the schools as well as at their regular stations. Latest reports put the number of school children at 94,000 and the number of teachers at 263. All the benefits offered to these, it must be kept always in mind, are in addition to the educational facilities given by the Japanese Administration of the Kwangtung Leased Territory and those given by the Chinese authorities.

In addition to the above, the Company has many technical training schools, which turn out the railway and mining engineers and trainmen—the mining school at Fushun for example and the training schools at Seoul, Chosen, and other large centers. The Company also established, in 1913, a training school for teachers. In

Gymnasium class of the Girls' High School at Fushun

Sewing Class in the Girls' High School at Fushun

1915 it changed the name to Educational Research Institution.

While at Mukden I had an exceptional opportunity of examining, rather critically and at leisure, the Company's great medical institution, which had just been raised to the full status of a university. It stood in the center of the New Town: its buildings covered something like four large city blocks adjoining the ground of the Company's Central Hospital at Mukden, which looked down upon the Central Circle to the north of it. The University was housed in an imposing brick building. A new wing to the main building had been in course of construction and was nearing completion at the time of my visit.

The most remarkable feature of the University, however, was not its cluster of buildings, which might join the company of Columbia structures on Morningside Heights in New York City without apology or blush. It was in the specimen-room of the University. In it is a collection of medical data on one particular subject which is without peer in the world. The incomparable wealth of scientific data collected there is on the Pneumonic Plague.

"Medical Manchuria was thrown into a wild thrill of excitement," says Dr. M. Tsurumi, one of the learned experts of the Hygienic Administration of the South Manchuria Railway Company, "as the remarkable news was flashed over it to the effect that on August the 30th, 1920, a couple of Russian girls at the small village of Abakait in North Manchuria were attacked simultaneously with the pneumonic plague and died in a day." This outbreak claimed 7,700 victims before it was through.

Ten years before that, in the winter of 1910-1911, the same plague swept over Manchuria and centered the

eyes of the whole medical world upon her: it resulted in assembling the International Plague Conference at Mukden, Manchuria, following the end of the epidemic.

The collection at the University is the result of the first-hand investigations by specialists of the two epidemics—the results of thousands of experiments and observations of the victims through all the stages of development of the plague. The pneumonic plague was not unknown to Europe; but the cases there had occurred in the days when medical science was in the keeping of professional barbers. Therefore the University is the custodian of the only scientific collection of data on the plague in all the world to-day: the Mecca to which all students of the world must come for knowledge of this terror. There is no other place they could get it. The University is the training-field for the medical administrators of Manchuria as well as of the S. M. R. Zone.

LOOKING AFTER PUBLIC HEALTH

When the South Manchuria Company took over the line, in April, 1907, there was just one military hospital in Dairen. Nine others scattered at various points were mere branches, medical stations without the equipment of a full-fledged hospital in the modern sense. To-day there are fifteen hospitals at fifteen population-centers of South Manchuria: at Dairen, Mukden, Liaoyang, Changchun, Tiehling, Kaiyuan, Kungchuling, Penhsihu, Antung, Yingkou, Fushun, Wafangtien, Anshan, Ssupingkai, and Kirin. At each of the collieries of Fushun and Yentai the Company maintains a medical consultation station, and in addition there are six branch hospitals, some of which are in the old Chinese towns. The greatest of these hospitals is at Dairen. It is the model institution of the kind, having nine highly specialized departments. It can look after 450 patients at one time.

The South Manchuria Hospital at Mukden

Students of the Medical University at Mukden in their room in the dormitory

Its clinic for outside patients was handling an average of more than 800 people every day at the time of my visit there in 1923. Regular courses of instruction in nursing and pharmacy are given in all the S. M. R. hospitals. And the Company does not stop there. It employs regular practising physicians at various outlying points to guard the communities against the invasion of contagious diseases and to educate the people in hygienic matters at all times. These hospitals and the medical employees of the Company attend to vaccination every year also and without charge. The whole Railway Zone is divided into a number of hygienic districts, placed under experts of the Sanitary Office of the S. M. R.

The S. M. R. inspectors examine the drinking-water supply of the zone every month, as well as the meats entering it. They inspect all the wells in the Zone twice every year. All the schools under the S. M. R. administration have visiting dentists, oculists, and nose, throat, and ear specialists constantly watching over the health of the school children. The medical-inspection system of the Company is at work, and in the most rigid manner, at all the workshops of the railway, and in the mines and factories. Every year the Company, jointly with the Kwantung Government, spends a small fortune in fighting Manchurian flies. This is no small job in the land where bathing is a rare luxury and extravagance.

SUPPLYING GAS AND ELECTRICITY

Not the least of the Empire-Builder's burdens is the lighting of the homes, shops, factories, of the cities it calls into existence. Also furnishing the power to turn the wheels of industries in them. The electric light and power plants of the S. M. R. are in Dairen, Mukden, Changchun, Antung, Fushun. The Company also runs the electric railways in Dairen and Fushun. The total

output of electric energy by all the plants reaches 20,000,000 kilowatts a year. The Company has in Dairen a large gas plant which produces 215,000,000 cubic feet a year, and a smaller one at Anshan which serves the Company's iron and steel works there.

In my rounds of all these various power plants I saw that practically all the generators and other major machinery were covered with the crests of two of the great American manufacturers of electrical machinery. And where they did not appear the trade-mark of the Shibaura plant—which is a Japanese incarnation of one of the American concerns—was sure to be present.

IRON AND STEEL WORKS

Nature has been unkind to Nippon. So surprisingly so that any children of the Land of the Gods (even though they are by nature almost unreasonably patriotic) will come right out and tell you so. This is especially true of the gift of raw materials—primary and essential ones like iron and oil. Therefore whenever and wherever the Japanese come upon a promise of iron ore their imagination paints it with rose. This precisely has been the case with the Anshan Iron Mine. In 1921 Viscount Inoue, the acting superintendent-general of the Anshan Iron and Steel Works as well as of the Fushun Colliery, made a special trip to the United States. His idea was to go to the fountain of most up-to-date knowledge in iron ore and the production of steel. Here was another tribute for America—quite as emphatic, in its way, as the one which Baron Goto and his advisers tendered to America in equipping the South Manchuria railway system with American locomotives, cars, and rails.

At the invitation of Viscount Inoue, a group of American scientists and practical engineers, headed by Pro-

fessor Appleby of the University of Minnesota, went over to Anshan and made a thorough investigation into the nature of the ore and its possibilities. The working program of the Anshan mine and the iron and steel works there is based on the recommendations of the American experts. Practically all the machinery and equipment of the mine was imported from the United States. Blast furnace No. 1 with the daily capacity of 350 tons, a charging elevator, four hot stoves, two blowing engines, four boilers, two generators of 3,000 kilowatts each, and other adjuncts had been completed in 1918, and the furnace was fired in April, 1919. Blast furnace No. 2 was completed in 1920, with its charging elevator, electric tramway, water-circulating system, ore depot. Also two batteries of coke ovens, of forty ovens each, and a coal-washing system were working early in 1920, and in the following year two batteries were added. The annual output of iron is expected to reach 1,000,000 tons a year. The S. M. R. has poured more than 35,000,000 yen since 1919 into these iron and steel works. It has been losing money at the rate of two- to three-million yen a year since the price of iron fell from 440 yen a ton in war time to 50 yen a ton, which is about the present price. All that, however, does not dampen the ardor of the S. M. R. people in the least. The recent report is that they have at last solved the problem of working the low-grade iron ore there at a profit.

HOTELS

Another business in which the Company is losing money year in and year out, and which it has not the remotest idea of discontinuing, is its hotel business. It has built and is now maintaining a string of modern occidental-style hotels at Dairen, Port Arthur, Mukden, Changchun, and at a summer resort near Dairen which

bears the poetic name of the Bay of Stars, Hoshiga-ura. All these are called Yamato Hotels. When the S. M. R. took over the operation of the Chosen Railway it extended its hotel system through Chosen out to Fusan.

The Yamato Hotel in Dairen is a solid stone and brick structure in Renaissance style, fireproof throughout. It is by far the most modern and handsome hotel in the Far East, as it dominates the Central Plaza of the port city. The quaint garden on its roof sweeps the view of the bay and the Yellow Sea beyond. It so happened that I passed, in my wanderings last year, from the Dairen Yamato Hotel to what was advertised as the best hotel in Shanghai. The contrast was something of a shock. There lay at least twenty years of hotel-evolution between them. The newly built Imperial Hotel at Tokyo looked like architectural pidgin-English beside it. The striking feature of the resort hotel at Hoshiga-ura was the golf course over the rolling hills back of it. As if the Company were not losing enough money through these hotels, it subsidizes a lot of other private hostelries at different points with considerable amounts of money, so that they may keep up a high standard of accommodation all along its lines. Last year the Company lost more than 336,500 yen in its hotel business.

RESEARCH WORK OF THE S. M. R.

Through the Dairen Central laboratory; through the Geological Institute, also of Dairen; through the experimental stations at Kungchuling and at Hsiungyocheng; through its Research Bureaus at Dairen and at Tokyo, the Empire-Builder achieves its victories of peace with microscopes and scientific experiments. All of its works are by no means merely academic. The one outstanding object of the research work of the Company is to

The Yamato Hotel at Dairen

The Yamato Hotel at Changchun—one of the many Yamato Hotels under the South Manchuria Railway management

inaugurate a new business and nurse it along to a commercially profitable stage and then turn it over to a business company to carry on. In this manner a Tussah filature was established in 1910. An earthenware and porcelain factory and a firebrick kiln followed. A little later a sorghum alcohol distillery plant, a dyeing and weaving works, a bean-oil mill employing a chemical extraction method, a fatty-acid factory, were built up and turned over to new companies organized for the purpose of continuing the work. After them came also a glass factory and a lignoid factory.

By means of its agricultural-experiment stations the Company is improving the quality of beans and the quantity of output. It is improving the live stock by cross-breeding with imported stock. Its geological bureau was first established at Fushun. It was meant chiefly for the examination of coal resources. It moved to Dairen and enlarged its field of activity to survey the mineral wealth of Manchuria. The discovery of the iron deposit at Anshan is one of its crowning achievements. It has found iron deposits at seven other points, also magnesite in Kaiping and Haichung districts, and fluorspar at various points.

Through the Eastern Asia Economic Bureau which the Company established at Tokyo in 1908 it keeps financial and business Manchuria in touch with international tendencies and conditions in various lines of business. It has already published more than 200 reports. The Company is not satisfied with merely commercial and financial activities. In its research work it invades the realm of scholarship as well. One bureau is making original researches in the history of Manchuria and Chosen under Professor Shiratori of the Imperial University, known as an authority in that particular field. It has issued a number of monographs of considerable value.

CHAPTER VII

AGRICULTURE

CENTURIES ago Manchuria won the title of "the Granary of Asia." What makes Manchuria great are the valleys of the Liao, of the Sungari, the Nonni, the Hurka, and the Yalu. The prime emphasis of the activities of the South Manchuria Railway Company, as we have seen, is on the development of Agricultural Manchuria. Industrial Manchuria is as yet a promised land toward which many eyes are turning. Industrial Manchuria is predicated and founded on Agricultural Manchuria.

Nature had done much to make the plains of Manchuria into a great agricultural state. We have seen how the heights of the Great Khingan range screen the vast oval plain of central Manchuria on the west, and on the north and northeast the peaks of the Little Khingan shelter it from the storms that come out of arctic Siberia, and how the Changpai range stands as its eastern wall. We have noted also how these various Manchurian plains lie, their complexions, and the climatic conditions which reign over them. We have also told how and through what combination and compulsion of economic forces they have come under the plough, and by whose hand.

Therefore, in this chapter we shall examine in more detail the various factors which enter into the making of Agricultural Manchuria, and its influences on the life and trade of all its Asian neighbors, especially Japan.

Out of the windows of a Pullman car on the South Manchuria Line, a traveler sees, to the right and to the

Planting soya beans

Rolling down farrows after soya beans have been planted

left of him, an eternal mosaic of smooth, level, carefully tilled fields racing away to the horizon, broken only here and there by clumps of green trees, a congregation of farmers' huts huddled behind crenelated walls which defend them from bandit raids. One is tempted to think that this Manchuria is quite as well and thoroughly cultivated as Nippon proper, where intensive farming is getting to be something of an agricultural vice. But that is all a Pullman-car-window view of the thing. Once the traveler leaves the order and comforts of the South Manchuria régime and takes to the native carts to roam along the roadless frontiers of Mongolia, his view is apt to get a measure of recasting.

FARM LANDS IN MANCHURIA

Figures on the case have also a sobering effect.

The Eastern Three Provinces, as our Chinese friends call this territory which the English-speaking peoples know under the vague name of Manchuria, have the total area of 382,627 square miles according to perhaps the most scientific figures so far presented. That means 244,881,280 acres. Of that total, a trifle over 30,500,000 acres are to-day under cultivation. That is about 12½ per cent. of the total area. The arable area of the country dominated by such imposing mountain ranges as the Changpai and the Khingans is not as big as a stranger might at first suppose. It is no greater than 64,500,000 acres in all. Still that is big enough to equal all the farm lands of Illinois and New York put together and have something like 12,000,000 acres left over. It is not quite three times the arable area of Japan proper, but nearly that. And it is not quite but nearly four times that of Chosen.

The area already under cultivation is most extensive in the southern province of Fengtien, as the Chinese call the

Province of Mukden. That is natural: Mukden is the most thickly populated of the Eastern Three Provinces. The earlier estimates used to put Kirin next to Mukden. Later ones makes the provinces of Kirin and Amur about even in point of the cultivated acreage, as follows:

Mukden	11,890,000	acres
Kirin	8,936,000	"
Amur	9,774,000	"
Total	30,500,000	"

An Illinois farmer may visualize this by simply deducting something like 2,000,000 acres from the total farm acreage of his own State. The Manchurian acreage, utterly innocent of the plough now but which can be tickled into smiling seas of wheat, beans, and kaoliang with more or less labor, amounts to about the same as the combined farm acreage of Maine, Maryland, Massachusetts, and Michigan: in other words, 34,000,000 acres.

Those 30,500,000 acres are a mere string of figures. They happen to be as dramatic and eloquent as the lines of Shakespeare never were. Two things back of this string of figures make it so. One is man's fight for food, which is as old as the disappearance of the Garden of Eden, and the other is the soil-character of Manchuria.

The Tungus, the original tribal owners of Manchuria, were good fighters, hunters, drifters. They were bad farmers. They liked star-lit sky for their roof and a lot of room with no fences of wood or stone or man-made laws. They preferred to fight for their empty stomachs with bows and arrows, fish-lines, and spears, but rarely with a hoe or a plough. But to the southwest dwelt a race with stomachs more empty and with an entirely different method of fighting for them—the Chinese. As

early as the closing days of the Fifteenth Century, in the days of the Ming Dynasty, Chinese farmer colonists began to gather in the fruitful basin of the Liao River. In 1644, Shunchih ascended the Dragon Throne at Peking and established the Manchu Dynasty of Taching over the children of Han. Then the proud Chinese became a subject race. Their Manchu masters did not wish their home Province of Mukden and its sacred precincts defiled by Chinese farmers. That was the historic origin of the exclusion of Chinese immigration from the Liao basin more than 230 years before the days of Kearney and his sand-lotters. The course of Chinese farmers toward food-producing land is almost as direct and sure as that of the flood seeking lower levels. And in the young days of the Eighteenth Century, the exclusion law of the Manchus had begun to lose its severity. Up the Liao valley the Chinese immigrants made their silent way. Their love of the soil and the work and their art of tilling were about the only weapons they carried with them, but they were quite enough. Before them the Manchu Bannermen had not much more chance than Arab cavalry before the machine-gun corps of to-day. Soon there were Chinese all over the plains of the southern Manchuria of which the City of Mukden was the center.

CHINESE FARMER COLONISTS

Other Chinese colonists also made their way up along other great streams of Manchuria like the Yalu. They also established themselves in the Liaotung Peninsula which is to-day under lease to the Japanese. That was the beginning. For more than two hundred years they have been pushing their way along the Sungari, the Nonni, the Hurka, and the Amur rivers, spreading themselves out over the rich valleys.

The farming population of the Eastern Three Provinces exhibits this historic movement. It is divided as follows:

Mukden Province	1,686,646	farmer	families
Kirin Province	538,898	"	"
Amur Province	324,155	"	"
	2,549,699	"	"

These figures are from the most recent statistics available, of the year 1917. In the four years preceding 1917, the number of farmer families in Mukden Province increased by more than 56,000 and in the Amur Province by 48,500, but in Kirin Province, there was a slight decrease. In 1921, the Chamber of Commerce of the City of Dairen estimated the number of farmers in Manchuria at 19,461,100. The agricultural growth of Manchuria in recent years has been rapid. This is especially true with the section of North Manchuria opened up by the Russian railway there. In discussing the increase of cultivated acreage in the twenty-eight Districts of Amur Province and twenty Districts in the Kirin Province which are more or less served by the Chinese Eastern Railway's transportation facilities, a Russian investigator declares that there were 12,236,000 acres of cultivated farms in that section in 1913. In 1921 the acreage of actually cultivated land there rose to 16,960,000. That is, there was an increase of 4,724,000 acres of cultivated land in less than ten years. By the year 1922 the cultivated land had reached the total of 17,647,000 acres. These are astounding figures really. At the same time it should be remembered that a horde of Chinese farmers was drawn into that section of the country by the war demands of Europe for foodstuffs, sending a shower of gold along the Chinese Eastern line. To-day, there are about

910,000 farms in that section of Manchuria of an average size of about 18 acres. The acreage of this territory included in the above forty-eight Districts amounts to a goodly section of the two provinces of Amur and Kirin. Yet, as these forty-eight Districts extend over about 125,070,000 acres, the cultivated acres do not loom so large: they are not more than 14 per cent. of the total area. And when one takes into account the entire area of North Manchuria, the cultivated area sinks into a mere 7 per cent. of the whole.

Moreover, when one stops and thinks of what a tremendous rôle soya beans played in the international market all through the war time, the above-quoted figures are still less astounding than they at first appeared. There is another thing also which might go far to show the correctness of the above-quoted Russian figures. The so-called Chinese official figures, and some of the other kinds also, have about them more imagination than actual scientific data. The very table from which the number of farming families of the three provinces mentioned above was taken omits no less than four Districts in the Amur Province, for reasons best known to the author of the official report. They were left frankly blank. Taken all in all, it may not be far from the mark to put the total number of farmer families now tilling the soil of Manchuria close to 3,000,000.

CHARACTER OF FARMERS

There are many things that are striking about these farming families of Manchuria. Perhaps the most important of them all is the proportion of land-owners among these farmers. In Mukden Province, 686,281 out of the total of 1,686,646, are land-owning farmer families. Only 501,731 out of the total are tenant-farmer families. Of the land-owning farmers 498,634

are also tenant farmers at the same time. In Kirin Province the proportion is much more pronounced. There 251,676 families own the land they till: that is nearly 50 per cent. of the total farming families of the province. Only 165,079 of the total are tenant farmers pure and simple. The rest combine both rôles. In Amur Province the proportion is still more emphatic. Out of the total of 324,155, fully 180,680 are land-owners, and only 82,098 are tenant-farmer families.

The fact that nearly 90 per cent. of all the Manchurian farmers are settled in the two provinces of Mukden and Kirin can result in only one thing: that South Manchuria, which vaguely covers all of Mukden and a large portion of Kirin Province, is far from being the wilderness so many good American readers picture in their imagination. There, more than 54 per cent. of the arable area is already under the plough. In other words, it is somewhat better cultivated than the United States taken as a whole; for only 52.6 per cent. of the arable land of the United States is under cultivation to-day. In the Mukden District 95.9 per cent. of the arable land is already under cultivation. In the Liaoyang District the percentage is not much lower: it is 95.6 per cent. Around Hsinmintun it is even higher: 96.6 per cent. Near Antung it is 83.3, and in the Yingkou District a little better: 89.5. Even in the Changling District, where the percentage of cultivation is the lowest, it stands at 21.7 per cent. And here in South Manchuria the cultivated land area is increasing at the rate of 1.1 per cent. a year.

In North Manchuria, which covers all of Amur Province, the percentage of cultivated area is much lower. It averages about 25½ per cent. Therefore when one speaks of the vast possibilities of agricultural Manchuria he has in mind this tremendous virgin area in the valleys

of the Nonni, the Hulan, and the Sungari, not the Liao valley in the south.

Japan proper has about 7,612,200 acres in paddy fields devoted to rice culture and about 7,622,500 acres in upland farms—only about 15,234,700 acres in all under cultivation. No more. One province of Mukden to-day has more than two-thirds of the entire cultivated acreage of the whole of Nippon proper.

SIZE OF MANCHURIAN FARMS

In South Manchuria, where the farming population is concentrated, the size of farms is small, naturally. In the thickly settled sections south of Tiehling, for example, it varies from one and one-half acres to fifteen acres to a farm. North of Tiehling a 100-acre farm is not such a rare sight. The tourist rushing through Manchuria goes away with an impression that Manchurian farms are all very large. They look large to the casual eye. In practically all sections of Manchuria, except in the narrow ribbon of land along the South Manchuria Railway and in the leased territory under the Japanese administration, there is no such thing as police protection in the sense that the American or European community understands the term. One and all, the Manchurian farmers are periodically and persistently under the threat of bandit raids.

That is the reason why the farm huts huddle together within a tall mud wall of considerable thickness and look more like fortresses of the Dark Ages. As a usual thing farmers of blood relation come together and dwell together within one walled enclosure for their mutual protection from bandits. Naturally enough, all these walled communities stand in the center of a number of farms belonging to different members of many farmer

families who are living together. These farms are grouped together without fences such as are familiar in so many sections of rural America. Moreover, the law of primogeniture does not work in Manchuria. At the death of a father his property is divided up among his children. This of course divides farm property into small lots as years go by. Of course the farther north one goes the larger the size of the farms becomes. In the neighborhood of the City of Mukden, a seventy-acre farm is about the largest. In the neighborhood of Liao-yang 100-acre farms are found; while about Tiehling forty acres and near Kirin forty-five acres will rank farms at the top in size. In Mukden Province, 335,954 farms are less than one acre in size, and of the total of 1,686,-646 farms, only 254,452 have more than 10 acres apiece.

All this changes completely the moment one passes into the northern Province of Amur. At Suifeng, for example, there is a 1,000-acre farm, and farms of 200 acres are not at all rare.

OBSTACLES TO LARGE-SCALE FARMING IN MANCHURIA

There are at present at least five rather definite and apparent things which make it difficult and at times well-nigh impossible to carry on farming on a large scale in Manchuria:

1. The utter lack of anything remotely resembling a scientific irrigation system in Manchuria. In a country as dry as Manchuria, a well developed irrigation system is essential for large agricultural enterprises.

2. The ever-present threat of bandit raids. Protection for life and property can not exist in any healthy degree where there is no such a thing as police outside a certain section of walled city as in Mukden. And even inside there is nothing to raise one's voice about, except in lamentation.

Adobe huts of farmers near Chengchiatun

Harvest-time activities of Manchurian farmers

3. The ever-present, deep-reaching, gentle art of official squeeze, which is a wonder of the world. It is ever eager and ready to tax a farmer out of existence the moment he appears big enough to excite the appetite of local officials.

4. The lack of transportation facilities. The admirable facilities of the South Manchuria Railway do not reach the valley of the Nonni, the Sungari, and the Amur—just the places where there is vast possibility for large-scale farming. Of course with the passing of other obstacles the transportation system may be called into existence. But before it can come something must happen to the official-squeeze system of China and the greed and envy of the various foreign powers gunning for easy prizes.

5. The Chinese law prohibiting the export of grains, which throttles agricultural enterprise on a large scale as effectively as a hangman's noose.

These maladies are not incurable. In the very nature of things they are destined to pass away. Indeed, there are pointed signs that they are on their way out.

As for the price of farm land in Manchuria, it varies from about $60 an acre in American money in the neighborhood of Kungchuling to $110 an acre about Liaoyang. Those are ruling average prices in Mukden Province, where farm lands command the highest price. Some individual farms naturally bring much higher prices. In Kinchow there are many farms which command from 300 to 600 Chinese dollars an acre. In North Manchuria the price is much lower, naturally. In Amur Province, for example, farms bring about 3 to 10 per cent. of the prices charged for farm land in Liaoyang and Mukden Districts. As to the price of virgin land, it is about one-fifth to three-tenths of the price charged for cultivated acreage.

SOIL CHARACTER

In the southern section, especially in the Japanese leased territory of Liaotung Peninsula, the soil is sandy with a liberal mixture of gravel and rocks: it is poor. Over the Liao valley, and especially in the central plain drained by the Sungari, the soil is loamy and very rich. Authorities seem to differ rather widely on the richness of Manchurian soil. However, there are many farms which have been worked for forty years without a pound of fertilizer. They are producing still, and producing fairly well to-day. In the face of such fact, the opinions of high authorities remain chiefly as schoolroom frills. The more one looks into the methods used by the Manchurian farmers, who are usually too wise to be good to their own interest, the more impressed he becomes of the wondrous wealth of Manchurian soil.

The Manchurian farmer gathers in his grain. He gathers in the stalks and the leaves. That is no more than thrifty farmers do the world over. But our Manchurian does not stop there. He digs up the roots of the plants. He uses them for fuel. He has been doing that in many sections, year in and year out, for two centuries. There are some spots in Southern Manchuria where that sort of highway robbery of the soil has been going on for 400 years. Dried roots satisfy as fuel economy. But to take them robs the soil of humus, of all vegetable and organic matters—a very sad soil economy. In the end, this sort of crime is bound to bring forth its anemic fruit. But up around Shwangchengpu, we are told, this sort of thing has been going on for more than forty years, yet the soil is so rich by nature that it is showing very little sign of exhaustion.

An incident not long ago brought out the soil wealth of Manchuria in another way. The methods of Manchurian farmers are crude and notoriously "extensive" in

Agricultural Experimental Station of the South Manchuria Railway Company at Kungchuling

A paddy field in Manchuria

comparison with those of the Japanese farmer. The experts of the Experimental Farm at Kunchuling were interested in finding out just how much difference it did make in the actual result. Therefore they arranged with half a dozen farmers in the neighborhood of Ssupingkai and of Kunchuling to plant a certain acreage to soya beans according to their old native method but under strict observation. The first year of the experiment, the farmers averaged 4.104 bushels per *tan* (which is 0.245 acre) and the second year 3.727 bushels per *tan*. Now the average bean crop in Japan with all the boasted intensive methods of her farmers is 4.02 bushels per *tan*, and in Chosen the average is 2.97 bushels. In other words, in spite of the agricultural outrages the Manchurian farmers commit against the soil, they get just about the same amount of reward as the Japanese get—thanks entirely to the natural wealth of their soil. It is to be added, however, that in Japan the farmers usually do not devote their best land to beans. Nevertheless in the light of what the Chosen farmers get the result of the Kungchuling experiment is eloquent.

In the southeastern section of Manchuria, in the Yalu valley, the soil is much like that of the Liaotung Peninsula: it is sandy and poor. In spite of this fact, the Antung district, near the mouth of the Yalu, is pretty well worked. Some 84.3 per cent. of the entire arable land is under cultivation there. In the low lands along the sea coast, in the southwestern section of Manchuria, the land is not only sandy but saline too. In the lower reaches of the Liao River the soil is rich. The section is reputed to have some of the richest agricultural lands to be found anywhere in the whole of Manchuria, but there is one drawback. It suffers from floods periodically. So much so that a considerable portion of the rich section is now abandoned entirely.

FARMING METHODS

Manchurian farms are hand-made to a large extent with more or less efficient assistance from domestic animals. While Manchurian farmers abuse the land through the highwayman method of cultivation we have described, it is also true that they thoroughly understand and appreciate the need of resting the land from time to time. In the good old days of their nomadic ancestors, Manchu farmers were wont to roam over the land, pick out a plot that was especially enticing, beside a pleasant stream, pitch their tents on it, cultivate it for a year or two, and then at the first sign of exhaustion fold their tents and go their way to find another piece rich enough to tempt them to stay. Nowadays, however, there is not enough land for any such primitive method of agriculture. Even in those good old golden days, the farmers used to adopt the classic method of cultivating only two-thirds of their farm lands. They always had a third resting. They gave this system up long ago: they had to. The land got too precious for any such leisurely method of cultivation. The Shansi farmers immigrating into Mongolia are using that method even to this day, however. But then again, Manchuria is not Mongolia.

The methods used by the Manchurian farmers are primitive enough. In April and May, they take out their ploughs, which have preserved their classical lines unchanged since the days of Confucius. They hitch a donkey, a mule, a horse and any other domestic animal they happen to have in their families—for our Manchu farmers are not particular as to the membership of a team or its pictorial effect—and plough up the field. By means of the same primitive ploughs, they heap up the earth into ridges five or six inches high. They drop seeds on them, and then they roll the ridges. After that, they mostly put in their time and energy wrestling with

weather and winds in a fever of fervent prayer for good harvests. In this business of gambling with the weather they differ but little from their civilized brothers of American farms. Some so-called authorities on Manchurian agriculture have accused the Manchu farmer of being innocent even of the benefit of the rotation of crops. That is wrong. The Chinese farmer had known the theory of the rotation of crops for centuries, long before they entered the valley of the Liao, and had practiced the method to their profit. The usual rotation in vogue at present in Manchuria is something like the following:

First year, they put the land to millet; second year to wheat; third, to beans; and the fourth, to kaoliang. If not that, then a three-year cycle of kaoliang, beans, millet.

Visitors from Japan are impressed by the mastery and ease with which the Manchurian farmer handles his horses and mules. Indeed, it must be a wonder sight even to Americans to watch the Manchurian farmer negotiate a team composed of a horse, a mule, a donkey, and an ox pulling his heavily laden cart. He is incomparably superior to the Japanese in the handling of domestic animals for farm work and for transportation. That, of course, is a heritage from the pastoral age of his country, a thing entirely unknown to Japan.

At the very first sight, the great plains of Central Manchuria appeal to one as an ideal field for the profitable employment of all sorts of up-to-date agricultural machinery, such as is used in the wheat fields and corn belts of the Middle West of the United States. It unquestionably is. We have given some of the reasons why Manchurian farms have never as yet known the touch of a harvester or a tractor. It is not likely that even the valley of the Sungari will see machine farming for some years to come. Even in this northern section,

individual farmers who have big enough holdings of their own to make machine farming profitable, are fewer than the gold coins in the pockets of the Manchurian tenant farmer. We have seen how small the general run of Manchurian farms are, and the reasons why. If only these small farmers were to come together and combine to invest in a tractor or in threshing machinery, then there might be a different story. But that is just what they can not do. The untold ages of bitter struggle through which they and their forefathers have passed have left them as suspicious as a hunted fox. They are profoundly suspicious of the official class with its superhuman thirst for graft. In the name of all saints why shouldn't they be? They are suspicious of all the rosy songs the money-lenders sing. They don't stop there. They have come to the point where they are deeply suspicious of their own class, of their own neighbors, and of their own blood. To combine for mutual benefit is something that would call for the rebirth of their mental attitude and outlook on life. There is no organization among Manchurian farmers—no organizations for mutual profit and protection. They haven't a farmer bloc. The intensely individualistic turn of their character, which is always driving them to work for themselves exclusively, is the thing which unfits them for co-operation among themselves. If the capacity to co-operate with our fellow beings is the final test by which the degree of our civilization is judged, then Manchurian farmers occupy a very low step of the cultural ladder. This psychological kink in the Manchurian farmers is the chief obstacle barring back the coming of a machine age to Manchurian farms. There are others, too—the lack of protection for property and life, especially in Amur Province, the most tempting place for a trial of large-scale farming, for example. In fact all the things named in the preceding pages as militating against large-scale farm-

ing in the southern part of Manchuria apply here with equal force.

FARM LABOR

At the Port of Dairen, the southern terminus of the South Manchuria Railway, and the greatest port on the China coast next to Shanghai, there is staged every year a dramatic scene out of real life such as one can never see anywhere else in the world. Every year, as regular as the seasons, it comes in the icy months of February and March. The sight is well worth a thousand-mile journey to see. For the water front of the great port literally disappears under the black tidal wave of more than 300,000 coolies from Shantung on their way to invade the farm acres of Manchuria. As you look, you wonder how they manage to find the job. They seem to have not the least trouble. They are the "spring-come-autumn-go" army of farm labor, without which agricultural Manchuria could never hope to function.

In South Manchuria the native population furnishes only 70 per cent. of the farm labor needed. The other 30 per cent. comes from Shantung and northern Chihli Province. The farther north one goes, more and more dependent one finds the farms on floating labor. When one reaches Mongolia, he finds that all the work on the farms is practically done by the "spring-come-autumn-go" coolie farm laborer from Shantung.

In Manchuria farm labor is paid in three different ways: by the year, by the month, and by the day. In Southern Manchuria, round about Chinchou, a farm hand gets the equivalent of about sixty to seventy Chinese dollars a year, the employer giving him board and lodging. Around Tashihchiao, the annual pay is forty to fifty Chinese dollars. About Mukden, where the pay is the highest in Manchuria, he gets about $80. These

Chinese dollars, or yuan, suffer from so constant and violent fluctuation in the exchange market that it is well-nigh impossible to give them anything approaching a definite value in American money. The present chaotic condition of Chinese currency in general, and of that of Manchuria in particular, makes the task more puzzling than usual. However, the wage-payments mentioned in this chapter are mostly made in perhaps the most popular silver coin in Manchuria to-day, which the Chinese call *Hsiaoyangchien.* It was first issued as a subsidiary coin. Its exchange value rises and falls with the rise and fall of silver, as with the rest of the Chinese silver coins. In 1919, when silver was sky-rocketing, one *yuan,* or dollar, of this so-called small-coin dollar was worth more than $1.10 in American money. It has since fallen to much less than half that amount in the exchange market, as the price of silver has broken sensationally since then. At any rate, it is clear that the Shantung coolies—the best possible labor obtainable for Manchurian farms under the existing circumstances—are not getting a fortune for their work.

The farm hand contracted for two months' work gets monthly pay of from $9 to $10 in Chinchou and its neighborhood. At Tashihchiao he gets five or six yuan, or dollars. At Kungchuling, from eight to nine yuan. The average monthly pay on two-month contracts in Southern Manchuria is about eight Chinese dollars. In this case, the coolie gets his board and lodging free. On three and five-month contracts, the labor is paid monthly, but the amount is not quite as large as on the two-month contract. At Chinchou, the laborer gets from eight to nine Chinese dollars a month. The average in South Manchuria is about six Chinese dollars a month on three-month basis and five yuan on five-month contract basis. The daily wages of the coolie laborers differ according to the time of the year. In the sowing season of April

and May it stands at thirty Chinese cents at Chinchou, and thirty-five cents at Haicheng. It is as low as twenty cents at Liaoyang, Tashihchiao, and Yingkou. In the months of June and July, weeding and ploughing time, it stands a little higher. At Mukden, Chinchou, Tiehling, forty cents; and at Changchun and Haicheng, forty-five cents. In harvest time, in September and October, it rises still higher. At Kaiyuan and Ssupingkai the coolie gets fifty Chinese cents a day, and forty to forty-five cents at such points as Liaoyang, Mukden, Chinchou, and Changchun. These daily wages do not include food: the coolies themselves pay for their meals. When food and lodging are included the pay falls to about half of the amount mentioned above.

Women farm workers in Manchuria get about half the pay the men get. In Mukden Province, where a man gets $60.20 Chinese a year on the average, the average wage for women workers is $31.25; and about that ratio holds good in monthly and daily pay.

Working hours for farm labor in Manchuria range from 171.5 hours in the month of July when he works the least to 240.8 hours in April. When one speaks of Manchurian farm hands working about six hours a day in October and July and eight hours in the busiest month of April, he is speaking of a month of thirty working-days. On the basis of twenty-two net working-days in April, the farm laborer in Manchuria works nearly eleven hours a day.

LIFE CONDITION OF THE FARMER

Everything connected with the life of the Manchurian farmer is so severely simple that it borders on the primitive. Among the men and women belonging to what they call the Big Farmer class, there are but few who enjoy the luxuries of life which are enjoyed by the higher mem-

bers of official and merchant classes. They are exceptional cases. The garments of an ordinary farmer there consist of a long coat, a pair of trousers, a shirt, and an over garment, all made of the blue cotton jean so common throughout China. The only difference between his summer and winter garments is that for cold weather his clothes are wadded with cotton, while for the hot season they are of single thickness. He pays from six and a half to ten Chinese dollars for his summer outfit, and for the winter one from twenty to twenty-two Chinese dollars. And he wears them for at least three years, usually four.

His food is even more monastic than his raiment. It would make a Spartan table look like the feast of a Rajah by comparison. It is composed of grains of the tall millet called kaoliang which has carried the fame of Manchuria throughout the Far East. In districts where kaoliang is not grown profitably he uses a mixture of corn and millet. With kaoliang he takes a little bean curd and pickled radish, and such vegetables as the edge of his fields gives him without price and without much additional labor. As for meats of any sort, he does not have even a smelling acquaintance with them except on three or four festal days in a year. He does not use either sugar or liquor. In winter when the days are short he eats only twice; but in the long busy days of sowing, weeding, and harvest time he eats three times and sometimes even four. The cost of his food for the entire year is about twenty-three and one-half Chinese dollars.

CROPS: SOYA BEANS

The leading agricultural products of Manchuria are, in order of their importance: Soya beans, kaoliang, millet, corn, wheat, barley, rice, buckwheat, hemp, tobacco, cot-

Third weeding of a soya-bean field in Manchuria

A mature soya-bean field

ton, sugar beets, and wild silk and other minor crops. They are not over-rich in variety, therefore.

Soya beans do not rank first among Manchurian crops either as to the quantity produced or to the area devoted to their cultivation. In 1923, more than 4,727,800 tons of kaoliang were produced. The total crop of soya beans for that year was 2,385,230 tons. Therefore kaoliang outranked soya beans in quantity of production. The farm area devoted to kaoliang amounts to 27 per cent. of the total cultivated acreage of South Manchuria, and millet takes up 20.4 per cent. The soya bean takes up a little more than 19.2 per cent. So here it ranks third. Indeed a few years back the humble kaoliang used to occupy more than 50 per cent. of all the Manchurian farms. Soya bean, as an important Manchurian crop, is decidedly a newcomer. Yet no one disputes its premier rank among the crops of Manchuria to-day, for two principal reasons: 1. Its spectacular rise as an international trade commodity. 2. Its future possibilities both as food staple and as raw material for many lines of industry.

The story of soya beans has a touch of romance about it. For countless centuries they had sustained the ever-increasing army of empty stomachs in the Immemorial East. They did it in all modesty and utterly unsung. Then came the wonder year of grace 1908. In that year a few commercial sharpshooters connected with Mitsui & Company shipped 100 tons of humble soya beans to England. It was a trial shipment. That was the first bow that the Manchurian beans made to Europe and to renown. Some time before that, to be sure, some individual Europeans like Alexander Hosie, who used to be the British Consul at Newchwang and later the commercial attaché at Peking, spoke handsomely of the humble pulse—"the wealth of Manchuria" he called it in 1899. Before the fateful 100 tons made their journey to England, soya bean was shipped out of Dairen in

modest quantities mostly to Chinese or Japanese ports and the bean cake to the sugar plantations of the Chinese Province of Fukien, to Java, and to Japanese rice fields; but that 100-ton shipment to England and what came out of it literally put Manchuria on the map of international trade.

In 1908, there were 182,629 tons of soya beans shipped out through the Port of Dairen. They went mostly to the Chinese and Japanese ports. By 1920, the figure rose to 567,129 tons; and a good deal of this found its way to Europe and America. The total amount of soya beans exported through the three principal ports of Manchuria, Antung, Dairen, and Newchwang, in 1922 amounted to 11,259,899 piculs (one picul means 133.3 pounds) valued at more than 39,164,500 Hk. taels. As for bean-cake, the amount shipped out through the single Port of Dairen in 1908 amounted to 204,627 tons. By 1920, the amount rose to the tremendous figure of 1,131,208 tons. In 1922, the total export of the bean-cake through the three ports mentioned above amounted to 24,653,949 piculs worth more than 58,072,000 Hk. taels. The shipment of bean oil out of Dairen in 1908 is given by one writer at 10,208 tons. In 1922, the total export of bean oil through the three ports of Manchuria amounted to more than 1,804,000 piculs, valued at more than 14,367,400 Hk. taels. As the total value of all the exports through the three ports for 1922 amounted to less than 207,268,000 Hk. taels, the soya beans and bean-cake and oil accounted for considerably more than half of the total export trade. All of which is quite a brave showing for the humble pulse.

The production figures of the soya bean tell the same sort of wonder tale. Before the Chinese-Japanese war, the bean was in such a humble position that few agricultural experts either official or unofficial thought well enough of it to honor it in the list of statistical returns.

The South Manchuria Railway experts placed the production of soya beans in 1915 at 108,782,216 bushels, valued at 306,765,849 yen. Crop conditions were bad in 1923. And so far they are not any better in 1924. The crop estimate for 1924 is placed at not much more than 84,385,000 bushels.

Soya beans ascended to their present pinnacle of fame through three distinct channels: first as food both for humans and for domestic animals; second, as fertilizer; and third as raw material for various industrial purposes. The remarkable thing about it all is the number of its incarnations as food articles. As soy sauce it is beloved by all the culinary artists of the Middle Kingdom and of the East generally, as well as by innumerable patrons of chop-suey palaces in the United States. It is eaten daily by hundreds of millions of Orientals as bean curd; boiled, baked, roasted beans are also prized by them. It makes a good soup, it turns into innumerable forms of breakfast foods, and French artists take pride in using it as coffee substitute. As vegetable milk, it takes to itself the forms of condensed as well as fresh milk; and it turns into confections and casein, and into fresh, dried, smoked, fermented cheese. Moreover, green beans are everywhere used as a green vegetable, as salads, and as canned vegetable. Bean meal masquerades under many a form of fashionable breakfast and infant food. It also takes on the form of crackers and macaroni. Bean flour makes excellent bread, cakes, muffins, biscuits. German millers are reported to have found that, mixed with wheat flour, bean flour adds a great deal to the food value of bread and biscuit. This comes from the great proportion of albuminoids found in the soya bean. It also adds a certain pleasant and appetizing flavor to bread and biscuit.

It is in the form of oil that soya beans are conquering a large and ever-expanding field in the modern in-

dustrial world. Bean oil is used in the manufacture of glycerine, explosives, enamels, varnish, butter substitutes, lard substitutes, edible oils, salad oils; on waterproof goods, linoleums; as paints; for both soft and hard soap stock; for celluloids, rubber substitutes, printing inks, and lighting and lubricating oils. For usefulness in the industrial field, soya beans outrank all the other agricultural products of Manchuria. In this field, they promise to do for Manchuria what raw silk has done for Japan.

In South Manchuria there are no less than 200 milling concerns extracting oil from beans. The mills vary from hand presses to the gigantic steam and electric presses at Dairen which are the last word in up-to-date mechanical equipment. In 1915 a method of extracting bean oil by chemical processes was tested and perfected by the technical experts of the South Manchuria Railway. Following their time-honored plan, the company turned the plant and process over to a private company that it might be worked by an independent concern on a purely commercial basis. Suzuki Bean Mill at Dairen is the result. It is one of the striking landmarks of the great port.

Admittedly, the Japanese are the champion bean-eaters of the world. The standard Japanese breakfast begins with a soup made of a bean preparation called *miso*. Where the American uses his salt-shakers, we Japanese use tiny blue china pots filled with soy sauce to season our food. *Tofu* is one of the most popular articles of food: it is a bean curd. There is not a Japanese meal which does not depend largely on the bean, whether it be breakfast, lunch, or dinner.

In the days following the Japanese-Chinese war when the victorious Manchurian Army of Japan came marching home, the taste for the soya beans of Manchuria followed it. The discovery that the Manchurian beans could be laid down at Nagasaki, Kobe and Tokyo at less than

their production-cost in Japan, opened up a brand-new chapter in the humble life of the Manchurian bean.

With all that, it was not exactly as a food staple that the soya bean achieved its sensational conquest over Nippon. Just about that time the price of fish manure in Japan had been climbing, as it has been ever since. The catch of herring along the Japan coast had been steadily declining. That caused scarcity of fish manure, while the rice fields of Japan had to have fertilizer. At this juncture some brave spirit among the timid farmers of Japan tried an adventure of fertilizing his paddy field with bean-cake. The success was instantaneous.

There was a big noise made over the discovery. It was hailed everywhere as epochal. It was so impressive and so profound, in fact, that for a time the bean oil and the bean-cake changed their relative positions. Oil became a mere humble by-product, and the bean-cake the chief end of oil-mill industry. Japan found in soya beans the savior of her fast-failing rice fields. That must mean something to a people of 57,000,000 hungry mouths which can not get along without rice three times a day.

In the United States and in Europe, it is in the form of oil that the Manchurian beans are making their way into their industries. The scarcity of cotton-seed oil has forced many a soap-maker to go gunning for some satisfactory substitute. Many of them have found it in the bean oil. In 1918, the United States took 90 per cent. of the bean-oil export of Manchuria. While this tremendous proportion has not been maintained since then, America has been a chief customer for the bean oil. In examining the export figures at such ports as Dairen, one should always bear in mind that a very large portion of the beans shipped to Kobe, for example, is really meant for the United States. They pass through the oil mill at Kobe, and in the shape of bean oil they pass on to the United States.

This Manchurian bean, which came out of obscurity a couple of decades ago and in 1920 made up 74.2 per cent. of the total value of the exports of the port of Dairen, grows on a plant not quite three feet tall as a general thing, and in a pod a couple of inches long. It is a hardy citizen of the field. It suffers very little from pests and is largely immune to all manner of plant diseases. It calls not for fertilizer, and it stands the rigor of Manchuria's climate better than most plants.

Mr. Keiji Adachi, an acknowledged authority, puts the different kinds and varieties of Manchurian beans at 200 in number; but for practical commercial purposes, the soya beans are divided into three major groups according to the color of their skins: 1, Huangtou, or yellow bean; 2, Chingtou, or green bean; 3, Heitou, or Wuton, the black bean.

The yellow bean, which goes under the popular name of Chinyuan, or golden-round, is the name of the common beans in Manchuria to which belong such species as Fentien white eyebrow and great white eyebrow, black-navel, four-grain-yellow, small-golden-yellow, and many others. Of them four-grain-yellow is now being more and more cultivated all over both South and North Manchuria. It contains a greater percentage of oil than any other kind, sometimes as high as 20 to 22 per cent.

The green bean is the same as the yellow in shape and size, only different in color. It is subdivided into two kinds: one with green skin and yellow meat; the other green both inside and out. It is largely cultivated south of Mukden and classed under such names as large-grain-green, four-grain-green, pink-hair-green, iron-pod-green, and so on. It does not contain as much oil as the yellow bean and therefore is not as highly prized as the other.

The black bean is subdivided into three kinds: 1, Tawutou, a large black bean which has black skin and green interior; 2, Hsiaowutou, or small black bean which

is black outside and yellow inside; and 3, Pienwutou, or flat black bean, which also has yellow meat. The black bean is used more for feed for domestic animals and for fertilizer, and also as vegetable food for men; while the yellow and green beans are used almost entirely for the extraction of oil.

The average yield of beans is about twenty-four to thirty bushels an acre, although some writers are making such extravagant claims as forty to seventy-five bushels an acre.

The chemical analysis of the three beans according to the Dairen Central laboratory is as follows, stated in percentage:

	Water	Albuminoid	Fat	Carbohydrates	Fibre	Ash
Yellow bean	9.11	39.90	17.59	24.27	4.92	4.21
Green bean	12.64	36.47	16.23	25.08	4.89	4.69
Black bean	10.74	35.32	15.80	24.43	5.96	4.00

KAOLIANG

Kaoliang, as the tall sorghum-like plant of Manchuria is called by the native, is now and has been for countless centuries the source of the staple food of the people there. In that sense, it is by far the most vital product of agricultural Manchuria. Indeed, before the soya bean rose suddenly into the limelight, kaoliang used to claim a major portion of the cultivated area of Manchuria, and to-day with all the sensational increase of bean area, it still claims 27 per cent. of the land under actual cultivation in Manchuria, outranking in this respect all other crops. It is said to be rather sensitive to climatic conditions and cannot stand the extreme cold weather of North Manchuria very well. But it is prolific, an acre often yielding more than 30 bushels. The annual production of this grain is estimated at 6,733,000 tons.

It is from the kaoliang grain that the native liquor called *shaochiu,* the burning liquor, is distilled. It is clear and transparent, but a very heady stuff and burning as its name, and it has a strong flavor. When Mongolian and Manchurian winter threatens to freeze the blood and marrow of the natives they seem to appreciate the *shaochiu* to the full. Its annual production amounts to some 1,965,000 gallons, valued at more than $8,000,000 in American money.

The usefulness of kaoliang does not end with the grain: its stalks are precious beyond words. Practically all the fences in Manchuria are made entirely of kaoliang stalks or re-enforced by them. They are one of the highly prized bridge-making and house-construction materials. And whenever and wherever coal and wood are either expensive or unobtainable, kaoliang stalks come to the help of the Manchurian to fight the ruthless sweep of winter weather out of the Siberian plains. Not only the stalks, but the outer leaves also are woven into mats for roofing and for grain-packing, without which the trade of the country would be utterly impossible.

MILLET

Millet is only second to kaoliang as a staple food of the people of Manchuria. It is not as sensitive to weather conditions as kaoliang. In North Manchuria where the rigor of the climate and the soil conditions, which are not as kindly as in the south, do not permit a kaoliang crop, millet flourishes without coddling of any sort. Naturally enough in North Manchuria, the native population take to millet as their main foodstuff, in place of kaoliang. Of late years, the Chosenese have come to appreciate the value of Manchurian millet as substitute for rice more than in the past. That brings about a considerable amount of export of the grain: in 1922 it

Harvesting Kaoliang

Threshing Kaoliang grain by bamboo flail and a stone roller pulled by mules

amounted to 6,591,058 Hk. taels in value. Like kaoliang, millet is an important raw material for the production of a native spirit called *huangchu* or yellow liquor. And like kaoliang, again, its usefulness does not stop with its grain. Everywhere, the millet straw is fed to animals. About 20.4 per cent. of the farm land is devoted to millet now, and its annual yield is placed at about 165,000,000 bushels.

CORN

Manchurian corn is of three kinds. They are divided, like kaoliang, according to color more than any particular quality of grain: yellow, red, and another kind which the natives call *laolaichou*. It is cultivated much like kaoliang, but in Manchuria it takes the field from April to June only. That leaves the land for an autumn crop. Corn follows soya beans and ranks fourth as far as its acreage is concerned: about 8.6 per cent. of the cultivated land of Manchuria is devoted to it every year. It takes seventeen pounds of seed to sow an acre—nearly twice as much as of kaoliang. And the yield is a bit less than that of kaoliang, about 800 pounds to an acre. One decided advantage that corn has over other Manchurian crops is that it is hardier than the rest. It thrives where others fail. It grows without trouble even in the poor sandy soil of the southeastern section and of the Japanese leased territory of Kwantung. There it enters into the common food of the people, taking the place of both the kaoliang and the millet which make up the bulk of staple food in more favored sections of Manchuria. The white corn is milled and mixed with wheat flour. It does not affect the color or taste of the flour, provided the mixed corn flour does not exceed 10 per cent. of the whole. It is often mixed with kaoliang for the production of *shaochiu*, the strong liquor.

Like kaoliang and millet, the stalks and roots and cobs

of corn serve for fuel for Manchurian farmers. Corn, like so many other grains of Manchuria, is entering into the ranks of export articles in no modest manner. In 1922, more than 3,013,000 piculs (1 picul is 133.3 pounds) of corn were exported, valued at 6,432,185 Hk. taels. Its annual production is put at about 64,000,000 bushels, which seems rather small considering the acreage and its cropping-power.

WHEAT

Only 7.4 per cent. of the cultivated acreage of Manchuria is to-day devoted to wheat—a rather astounding thing in the face of the fact that Northern Manchuria is admittedly a great wheatfield in the Far East. The fact is that wheat cultivation is yet in very limited scope as far as Manchuria is concerned. All along the Chinese Eastern Railway line, in the valley of the Sungari, wheatfields cover more than 17 per cent. of the farm lands. There they are opened up very fast. The insistent demand in the war years pushed the development at a rapid pace; but the lack of transportation necessarily worked against it the moment the farmers got out of the Anta and Hulan sections into the interior.

Even so, the age of wheat diet is marching steadily on even through the Pacific edge of continental Asia. Last year when I entered the city of Harbin the first sight which made me rub my eyes was the towering brick structures of thoroughly modern and occidental construction the great wheat flour mills had established there. There were no less than twenty-four of them. Two of them belong to Chang Tsaolin, the undisputed Lord of Manchuria, I was told. About Tiehling, in South Manchuria, there is quite a bit of wheat area: it is there that one finds one of the largest flour mills in Manchuria. Wheat-cultivation in Manchuria is of ancient origin, like most

things there connected with the soil. It has been neglected for years. One writer says that in 1896 the total production of wheat in Manchuria amounted to only 36,000,000 pounds. Since then it has made a considerable progress. In 1922 the amount stood at 1,140,880,000 pounds or 570,440 tons.

What little wheat Manchuria grew of old was consumed by the natives of the country, and it was not until a comparatively recent date that it began to figure as an export article. In 1920, 342,550 tons of it were shipped through Dairen to Europe, because of an exceptionally favorable crop in Manchuria that year, and because also of an abnormal European demand for the grain. But the Manchurian wheat is not of the best quality; and when the abnormal conditions passed, the wheat export of Dairen dropped to 165,300 tons in 1921. In 1922, it had a tremendous slump as far as export was concerned, owing to the world market condition for wheat in that year. It dropped to a nominal figure of about 3,500 tons.

Manchurian wheat-production has a special meaning for Japan. For centuries, the chief diet of the Japanese has been rice. Many signs are showing that wheat is about to take the place of rice there, at least to some extent. The year 1921 is epochal in the food history of Japan. In that year her rice-importation amounted in value to 28,813,000 yen. And in the same year the importation of wheat was valued at 31,550,000 yen. Nothing like this had happened before. And this is not saying anything about the wheat flour which she imported to the value of 5,300,000 yen in that year.

BARLEY

The valley of the Hulan, the Districts of Hailin Hulan and of Suihua are the greatest producing fields of barley in Manchuria to-day. The Districts of Payen

and Lansi follow closely. The above-mentioned Districts, which are all in the Amur Province, produce annually about 3,183,000 bushels. In the Kirin Province, the Districts of Nungan, Yushi, Shwangcheng, and Fuyu together hardly produce one-fourth of the amount of the Amur Districts. In South Manchuria, in the Province of Mukden, production is decidedly less. The grain is gaining favor with the people, however, as feed for animals and also as human food. The quantity production of this grain began in answer to the Russian and Japanese demands when the armies of the two countries were in Manchuria. Therefore it is comparatively new as a major crop there. Its annual production is in the neighborhood of 30,000,000 bushels.

LESSER CROPS

In Japan, rice is the commonest article of food. In Manchuria, it is a luxury. People do not see it except at festal occasions, two or three times a year, or at a big dinner of some sort. The production of this grain there naturally is limited. The largest amount of it is produced in the Province of Mukden; the Districts of Haicheng, Liaoyang, Liaochung, Changtu, Tiehling, head the list. The District of Itung and of Kirin in the Province of Kirin produce it in large quantity, especially that of Itung. That one District produces more than 994,000 bushels a year. Manchurian farmers do not seem to like the idea of wading knee deep in the mud of paddy fields as the Japanese do. Most of the Manchurian rice, therefore, is upland rice. What paddy fields Manchuria has to-day are being cultivated by the Chosen farmer immigrants into Manchuria.

The future of rice-culture in Manchuria is watched with considerable interest, especially by Japan. The importation of rice into Japan has been mounting steadily

Harvesting hemp in Manchuria

Leaf tobacco ready for shipment near Changchun

for years. It is getting more and more difficult to get the grain cheaply. If Manchuria, some sections of which are eminently fitted for rice-culture, were to be turned into a great rice-producing field, there is no doubt that she can solve the food problem of the Japanese to a large extent. The Chosen farmers entering into Manchuria and into the Maritime Province of Siberia are extending paddy fields everywhere they go. It is largely on their skill and efforts that the future production of rice in Manchuria depends. At present the total annual production of Manchurian rice does not exceed 10,000,000 bushels.

There is a considerable amount of buckwheat raised in Manchuria, but it is largely as a help-out crop. It takes up the field less than three months. Buckwheat flour is made into macaroni and cakes and consumed extensively.

Hemp for fiber is cultivated rather extensively in the valley of the Hun River and of the Sutzeho, and in the Districts of Hailung, Sifeng, and Sian in the Province of Mukden. In the Kirin Province, Nanshan district has a large acreage given to it. It is cultivated in the upper reaches of the Lalin and of the Harka as well as in the eastern part of the Chiengtao district. Small hemp-fields are also scattered all over other parts of Manchuria, but they are not of much importance as far as its production is concerned. The total production is estimated at about 20,000,000 pounds a year.

In the districts west of the Liao River, in the valley of the Itung, along the Sungari and the Hulan, hemp is cultivated for seed in answer to the demand from vegetable-oil mills. The plants cultivated for seed are not used for fiber, because the quality is very poor. The annual production of hemp seed is from 4,400,000 to 5,200,000 bushels. Jute is produced also in the valleys of the Liao, the Lalin, the Hulan, the Nonni, and the

Tumen; its total annual production is close to 30,000,000 pounds. Both the hemp and the jute produced in Manchuria are mostly for domestic consumption: less than 20 per cent. of them come on the market.

Tobacco is grown in the neighborhood of the City of Kirin and in other sections of Manchuria, but almost entirely for home consumption. Large tobacco factories established in Manchuria with foreign capital use the domestic leaf, but always in company with imported leaf in the manufacture of cigarettes.

Cotton cultivation in Manchuria centers at Liaoyang. It extends to the Chinchou district to the west and to Tiehling on the north. Of late quite an effort is being made to try out the possibilities of American upland cotton at various districts south of Hsiungyaocheng and especially in the Japanese Leased Territory of Kwantung. The result seems to be encouraging. There is not the remotest chance of South Manchuria rivaling the valley of the Nile, of course; but at the same time, it is highly probable that it may produce, in a comparatively short period of time, sufficient raw cotton to answer the demand created by such cotton mills as Japanese enterprise and capital are planting in that section of the country.

Sugar beets in Manchuria are another crop rich in future possibilities. It is, indeed, quite new; but the South Manchuria Sugar Refining Company has thoroughly tested the fitness of the soil near the city of Mukden. The result of extensive experiments which have been carried on at the Agricultural Experimentation Station since 1914 are highly satisfactory. The average percentage of sugar in the Manchurian beets is 15.34.

FRUIT TREES AND ORCHARDS

Southern Manchuria is destined to be a great fruit belt of the Far East. There is nothing new in this claim.

The southern section of the Liao Valley, the country near Chinchou to the west of the river and all along the eastern bank from Liaoyang to Kaiping, have for centuries been famed for their fruits among the natives of the country and in the southern markets of China proper. Foreigners have persistently insisted that Chinese and Japanese fruits lack two qualities when compared with their American or European namesakes: flavor and aroma. Not so with the Manchurian fruits. There are five good climatic reasons for this: 1, In Southern Manchuria, in the valley of the Liao, the rise of temperature in the spring is rapid and the heat attains a higher degree than in many other sections of Eastern Asia. 2, In summer time, moisture is low. 3, Here the sun shines for a greater number of hours than elsewhere in fruiting season. 4, The rainfall in fruiting time is comparatively small. 5, The early frost.

The leading fruits are pears, grapes, apples, peaches, apricots, pomegranates, and cherries; of which pears and grapes are the prize fruits with the Chinese. Naturally enough, these two fruits have been developed much more than the rest. It may be added in passing that the reason why the Manchurian fruits have not won greater fame and achieved wider conquest is because the Chinese method of fruit-tree culture is exceedingly primitive, careless, and unscientific.

Pears are one of the most favored fruits with the Chinese and are produced in comparatively large quantity to satisfy extensive demand. They are of two kinds; one of which has flesh like the Japanese variety, hard and lumpy, although very juicy. Indeed, it is highly probable that the Japanese pears are nothing more or less than adventurous immigrants from Manchuria, and in their adopted home have lost some of the flavor because of the excessive humidity of Japan. There are many authorities who assert that the original home of all

the Asian pears is right here in the valley of the Liao. The other type of Manchurian pears is more like the Californian variety, with soft, mellow flesh which when ripe melts in the mouth, very sweet and juicy.

The pear, like a number of other fruits, is receiving a good deal of attention from the Japanese experts connected with the South Manchuria Railway and with the Japanese administration of the leased territory. There are a number of large orchards established near Port Arthur and Dairen now which are experimenting with the fruit-growing possibilities of that section of South Manchuria. The interesting feature of this work is that the men who are taking active part in this work are Japanese orchardists who have had years of experience in California. A number of these men who have been driven out of their holdings in California through hostile legislation there, have entered Manchuria. They are men of ample capital, most of them. They sold out their American holdings and are investing the funds in Manchuria. Manchuria is gainer therefore in a double sense. These men have come to her rich with years' experience in the most up-to-date methods of fruit-growing. And in addition they have come with funds which in the aggregate amount to hundreds of thousands of dollars, accumulated through their toilsome years in America.

I went out to see Mr. Awaya's 108-acre orchard just outside of the City of Dairen. Mr. Awaya had sold his orchards in California. He could have retired to a life of ease and ample comfort in his beloved Nippon with the money he got for his American holdings. He is a young man, not quite five and thirty. Last year, I saw him working side by side with his hired Chinese coolie in his young orchard. So instead of seeking a life of ease, he had thrown his lot with this land of the Future. He is now sinking something like a couple of hundred

Fruit trees of eighteen months' growth. Awaya Orchard near Dairen

American cotton doing well in its adopted home in South Manchuria.
Awaya Farm near Dairen

thousand dollars into the venture. He is doing pre-eminently well. The acreage he bought was thought to be a very poor agricultural risk. The government experts of the Japanese Administration of the Kwantung Leased Territory figured that it would take at least five years to clear the land of the rocks and stones in which it was tremendously rich. The South Manchuria Railway experts were of similar opinion about this particular holding. All of which meant that Mr. Awaya leased the property at an attractive figure.

It did not take any five years for Mr. Awaya to clear the land. He was reported to be rather extravagant with the number of his Chinese coolies. He has been the talk among the coolie labor of the district; for he devised a sort of prize system and gave the coolies additional pay according to the amount of work done. With him it was the result that talked, not the number of hours through which so many coolies showed their amiable way of loafing. The result was something that opened the eyes of the people about him. The rocks and stones which he dug out of his acreage were so stupendous that he had to find some means to dispose of them. Instead of thinking out some place to dump them, he evidently spent a good many of his high-priced hours on some means of making them a thing of value. The result was that he, with the permission (and high appreciation) of the local authorities, constructed an excellent road from the city limit of Dairen direct to his orchard, a road with a couple of feet of stone bed, ready to support all manner of heavy traffic in his heavily laden wagons. He completed the clearing of his acreage within one short year. Of course, in all this work, he invested a lot of capital. The wisdom of his investments was seen in the amount of money he took in in his second year. While waiting for the young trees to grow up to the fruit-bearing stage, he

devoted his acres to cotton and vegetables as a side crop. From this he realized 10,000 yen in his second year, I was told.

At Port Arthur in June, 1923, I attended a gathering of a committee of leading Japanese farmers and orchardists in Manchuria. To my surprise I found a large number of them were ex-California Japanese agriculturists. One of the leading themes discussed at that gathering was how to devise the ways and means by which to induce the Japanese now in California to come to Manchuria. From all I gathered at that meeting and through later inquiry, there is now being put forth strong and well planned efforts to take a number of Japanese farmers in America and transplant them to Southern Manchuria. I hear the efforts are meeting with considerable success.

There are many kinds of Manchurian pears on the market. But the most favored ones are Laiyang, Peking white, rose pear, autumn white, and honey pear. According to the experts of the South Manchuria Railway Company, who have done a great deal of experimental work with fruit-trees in South Manchuria, some foreign varieties do excellently in that section, such as Bartlett, Flemish Beauty, Duchesse d'Angouleme, Clapp's Favorite, Buerré d'Anjou, Wilder Early, and a number of Japanese pears.

Grapes are both common and highly favored among the native fruits. In South Manchuria, the section south of Chinchou is the most famous section for grapes. Grapes are not native to Manchuria or China. They came from Central Asia, the same original home of European grapes. They were imported into China in the days of Emperor Wu of the Han Dynasty, some years before the birth of Christ; and they have done well in China ever since. The Manchurian grapes grow in large clusters and are excellent in quality. Indeed, they rank at the very top of market fruits. Their colors are white, purple,

and purplish pink, and with the exception of a seedless kind, they are large in size. They are much sweeter than the Japanese variety and have no bitter taste. Moreover, they have an admirable quality of keeping for a long time. They have another quality which makes them valuable as a commercial article: they have thick skin. Their skin is tougher than that of the general run of grapes found in American markets. Dragons' Eyes, Pink-chicken Hearts, and the kinds which resemble Muscat Hamburg, Black Hamburg, and Gros Colman are among the leading types of Manchurian grapes.

Apples are plentiful in Manchuria and are excellent both in appearance and in taste. They are entirely different from the fruits common to American and European markets. Although they are not as large as some of the California and Arkansas products, they are larger than those one finds in Japan and in Chosen and other parts of China. The flesh is as white as cotton and sweet and juicy. They do not have the sour taste so common to other oriental apples and some American. This sweet taste of the fruit is prized by the Chinese above all else.

Peaches are another fruit crop which does well in South Manchuria. They are cultivated almost everywhere in Eastern Asia; but nowhere with better result than in South Manchuria. The flavor of the Manchurian fruit commands a high regard wherever they are sold.

Persimmons are not seen much in Manchuria. Climatic conditions there are not favorable for them.

There are no accurate statistics of the fruit-production of Manchuria. One Chinese official figure credits the Province of Mukden with 16,000,000 pounds of various fruits. The same authority figures the total fruit-production of Kirin Province at 610,000 pounds, and that of Amur Province at 100,000 a year.

After making an exhaustive study extending over many years, the experts of the South Manchuria Railway are

optimistic over the future of fruit-production in South Manchuria. Year in and year out, they are giving the orchardists the benefit of their scientific experiments with all sorts of fruit-trees. In addition to this educational service, they have already distributed, absolutely without cost, to various orchards, no less than 400,000 saplings.

CHAPTER VIII

ANIMALS AND ANIMAL PRODUCTS

We have already seen that the majority of the Manchu were huntsmen, warriors, and herdsmen. Time was, indeed, and not so many centuries ago, when the vast steppes along the Mongolian border and over practically all of the present Amur Province, up the valley of the Nonni and the plains to the west of the Sungari valley, where Kirin Province loses itself in the open stretches of Eastern Inner Mongolia, there was nothing but a sweep of grazing-ground reaching from sun-up to sundown. The steady northward march of farmer immigrants from Shantung and from Chihli has brought a large section of the wild land under the hoe. Still the memory of the pastoral age is plainly etched along the border of Mongolia this very day.

As the Chinese farmers have pushed their ever-victorious march into the heart of Manchuria, the old style herdsmen have gradually receded: many of them have disappeared. There are comparatively few Manchus who are devoting themselves exclusively to stock-raising nowadays. That business has been combined with farming by the Chinese invaders; and that combination remains all over Manchuria. The number of head of live-stock that an average Manchurian farmer keeps is comparatively greater than in other sections of China. One Japanese writer, as the result of his first-hand investigations along this line, declares that the average number of domestic animals kept by a Manchurian farmer figures out something like this: 5.8 head of horses, mules,

and donkeys; 1.5 head of cattle; 11.1 pigs; and 6 domestic fowls. I believe these figures hold true with middle-grade farmers, but hardly with the general average when all the smaller ones are taken into the count.

MANCHURIAN AND MONGOLIAN PONIES

Mongolia and Manchuria are the original home of the ponies which are world-beaters in their power of endurance and their ability to survive on coarse and scanty feed. The near-World Empire of the great Kublai Khan was founded on the Mongolian pony. There is very little fable about this statement. It was the great Khan's cavalry, and not his infantry, which swept everything before it far beyond the Danube. It was mounted on the Mongolian pony. He is small; his low forelegs, high stern, and comparatively long trunk make him no prize-winner at a beauty show. But when the whole world is fast locked in ice and an arctic blizzard tunes up over a thousand-mile stretch of snow-whitened Manchurian and Mongolian steppes, his shaggy and stubborn form has all the appearances of a world-conqueror. The least tribute one can pay him is to say that he is the ancestor of practically all north-Asian horses.

The Manchurian horses come largely from the north-eastern corner of Amur Province, from the Tsitsihar, Hailar, and Manchuli districts; but South Manchuria draws most of its stock from Eastern Inner Mongolia. The districts around Nungan and Changchun have long been famous for their native breed of horses, also. The statistical figures of Manchurian horses vary as vastly as any other figures about such things. A Chinese official estimate for 1918 puts the total number of horses for all China at 4,302,321, and for the Three Eastern Provinces, that is, Manchuria, at 2,190,231. A later figure

Street scene in Hailar in North Manchuria

Matting bins, draught horses and oxen in the yard of a grain merchant at Kungchuling

given out by the experts of the South Manchuria Railway is somewhat higher than that—2,500,000. Still later figures from a Russian investigator entitled to high consideration place the number of ponies in North Manchuria together with that section of Eastern Inner Mongolia along the border of Manchuria at no less than 3,500,000 head. These figures do not include the mules, which also are in great number in North Manchuria.

SHEEP

The whole of China is credited with 45,000,000 head of sheep, half of which is supposed to be in Manchuria and Mongolia. That is no small part of the total number of sheep in the world, which was placed before the war at about 600,000,000 head. It will not be difficult for our American readers to realize the magnitude of these figures when they remember that the total number of sheep in the United States is estimated at 37,209,000. In North Manchuria alone there are eleven millions of them, according to the Russian authority quoted above. The trading in these Manchurian sheep and their products centers about the towns of Manchuli and Hailar along the Chinese Eastern Railway. Every year about 200,000 head of sheep are supplied out of the Mongolian territory feeding the western section of the Chinese Eastern Railway. Out of that number about 100,000 head are consumed locally by the Chinese in that section of North Manchuria; about 65,000 head are exported to Russian Siberia; and 35,000 head are consumed by Europeans along the Chinese Eastern line.

Hailar and Manchuli are also the trade centers for cattle, of which there are some 5,000,000 head in North Manchuria. The Manchurian steer is an excellent meat animal both in the quantity it produces and in the quality of its beef. Pigs are raised in great number by Man-

churian farmers everywhere, and the number in North Manchuria is estimated at 3,200,000. The annual increase of the livestock in North Manchuria, according to the Russian investigator, after deducting all losses from natural causes, amounts to the following:

Horses	140,000	head
Large horned cattle	350,000	"
Sheep	1,100,000	"
Pigs	330,000	"

No more than 10 per cent. of this increase is brought to the market, however.

The figures of livestock in Manchuria and Eastern Inner Mongolia for 1921, according to the investigation of the South Manchuria Railway Company's experts, together with current prices for them, are as follows:

	Total number	Average prices per head
Horses	2,500,000	$40.00
Mules	600,000	50.00
Donkeys	600,000	10.00
Cattle	2,200,000	30.00
Sheep and goats	2,600,000	4.00
Pigs	6,300,000	12.50

The total number of domestic fowls is given at about 8,700,000.

DOGS

Dogs have a distinct and dignified economic status in Manchuria. This is due to the value of their skins. In Amur Province a girl's dowry is often made up of six

to ten dogs. There is nothing mysterious about this either. These dogs may easily form the foundation of what is considered a small fortune in that part of the world. If they should reproduce at the rate of ten a year, it would not take many years for the family to become the owner of quite a dog ranch. Dogs mature in about eight months, and their skins are at their best in winter. In a country where the thermometer sinks lower than 25 degrees below zero, Nature has seen fit to clothe the dogs with fur such as is never seen in milder countries. The Manchurian and Mongolian dogskins are held in all the Asian markets as peerless in size, in length of hair, and in general excellence.

MANCHURIAN WOOL

Sheep are plentiful in Eastern Inner Mongolia, from which Manchuria can draw freely; but their wool is inferior in quality. The improvement of Manchurian wool is the chief work upon which the efforts of Kungchuling and other experimental stations are centered today. The result produced by crossing the native breed with Merinos and other imported stock is highly encouraging and eloquent in what it promises for the industrial development of Manchuria along this line. Crossed with Merinos, the native stock showed an increase of wool from 3.4 to 6.2 pounds on two-year-olds. Crossed with Southdowns, it increased to 4.5, and with Shropshires to 5.9 pounds.

Manchurian wool-production has special meaning to Japan. Japanese have taken to woolen garments of late. As business Japan has become busier and less ceremonious, it has taken more and more to the occidental style of clothes. That has naturally increased the demand for woolens. Last year I saw many a kimono made of flannel parading on Ginza in Tokyo. And Japan

does not produce wool. The importation of wool into Japan in 1909 amounted in value to only 9,092,008 yen. In 1920, the wool imported in that single year cost Japan more than 121,629,400 yen—that is, more than thirteen times the figure of 1909. Since the post-war boom year of 1920 the amount of wool importation has come down a great deal. Even so, it stood at more than 55,367,000 yen in 1922. What Japan has lost in the amount of imported wool since 1920 she has made up in the importation of woolen yarn. She imported in 1922 more than 48,600,000 yen worth of this commodity. Her importation in 1920 was valued at only 7,912,192 yen.

Cattle and pigs are being improved also through similar scientific crossing with imported stock. But at present the scope of stock-breeding in Manchuria is exceedingly limited. The chief use the Manchurian farmers have for cattle is to work them in the field and for transportation. Farmers, as we have seen, do not eat meat as a general thing, and beef is a mere by-product with them. Mongolians keep cattle for milk, but the Manchurian farmers seem to pay no attention at all to milk.

FURS

The heavily wooded slopes of the Changpai and Khingan ranges are thick with fur-bearing animals: bear, fox, sable, leopard, tiger, weasel, otter, and wolf. For years furs ranked only second to tussah silk among the animal products of Manchuria. To-day the skins of domestic animals, such as dog, sheep, goat, occupy the ranking place; but those of the wild animals make up no small portion of the output. The hunters live in small huts in mountain valleys of Kirin and Amur Provinces and catch the animals with primitive traps. The skins are taken to such distributing centers as Mukden and Kirin in winter, frozen solid, before the thaw sets

A sheep ranch near Manchuli

Drying wool in North Manchuria

in; and there they are cleaned and dressed for sale. The Manchurian tiger-skins gained the reputation of being finer than Indian skins and commanded a high price. They are becoming rarer every year.

As an export item Manchurian skins and hides seem to be losing ground steadily. In 1896, we are told, more than 40,700 dog-skin mats and 28,700 dog-skin rugs worth more than 54,300 Haikwan taels, and 9,440 goat-skin mats and 8,290 goat-skin rugs worth more than 12,000 Hk. taels, and more than 101,500 raw goat-skins worth nearly 12,400 Hk. taels were shipped out of the single port of Newchwang by steamers. The total shipments of "leather, hides, skins" through the three principal ports of Manchuria, Dairen, Antung, and Yingkou, in 1918 were valued at a trifle less than 960,690 Hk. taels. In 1919 the figure rose to over 1,400,000 Hk. taels; but since then it has been on the down grade, standing in 1922 at 381,610 Hk. taels. These figures include shipments to the ports of South China as well as to foreign countries, and give a pretty accurate measure of the outgoing business in this kind of merchandise.

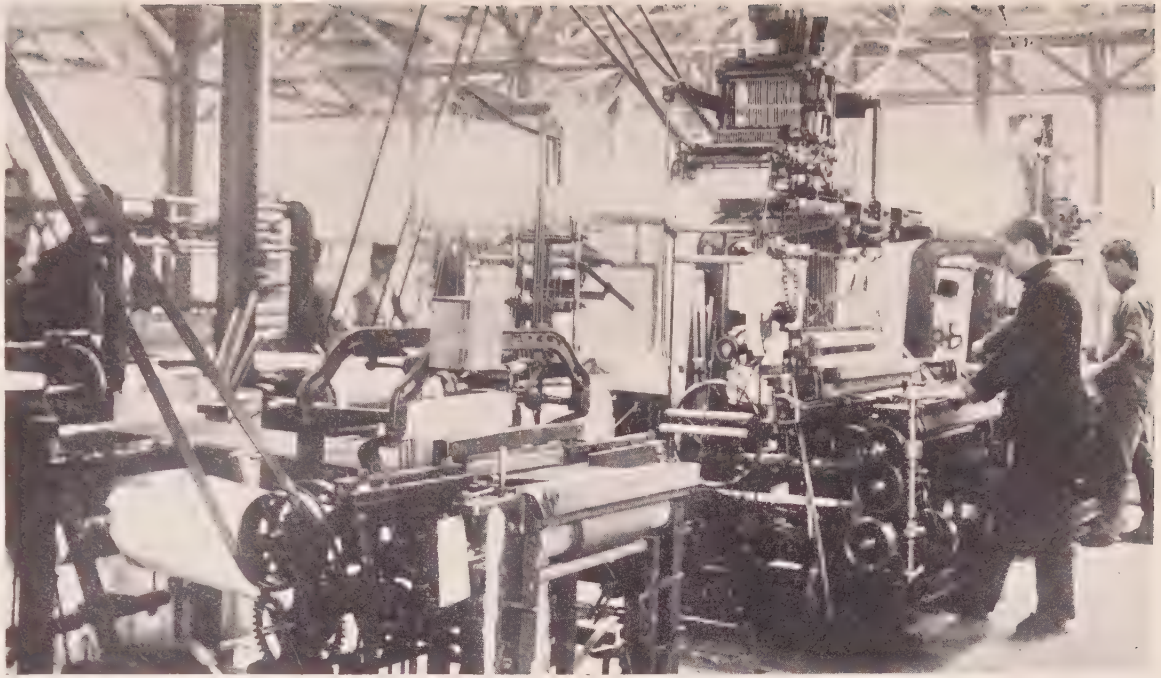
TUSSAH OR WILD SILK

It was toward the end of the Eighteenth Century that some immigrants from the Province of Shantung introduced into Manchuria the cultivation of wild silk. So at least goes the story current among the natives there. The tussah silk culture is an ancient occupation with the Chinese: they have known it over 1,800 years, according to their claim. In Manchuria the spread of the wild silk culture must have been exceedingly rapid. It has practically spread all over South Manchuria where climatic and other local conditions are anyway favorable to the culture. In Mukden Province alone, according to one authority which is more reliable than others (for here

again there is no official and accurate statistics), there are more than 36,600 families engaged in this business. The cocoons raised amount to more than 635,680 piculs (one picul is 133.3 pounds), yielding more than 3,089,200 pounds of raw silk.

Wild silk worms feed on the leaves of various trees of the oak family. They are left out in the open, with no artificial protection or care such as the Japanese give to their cultivated worms. Naturally the climatic conditions and the exposure to sun and wind in any location chosen for the cultivation of the worms have a good deal to do with the success of tussah silk production. This is the reason why the enterprise is centered mostly at Antung, where there are more than 10,500 families, at Chuangho with 5,300, Kaiping with its 4,470 families, and Hsiuyen with 3,780 families, all engaged in the production of the wild silk. The same reasons which make these places famous for tussah silk bar out the two northern Provinces of Kirin and Amur for this particular industry. Practically the entire production of the wild silk is for export. The domestic consumption of it is less than 10 per cent. One authority puts the total production of wild silk cocoons in Mukden Province at 230,000 baskets a year, valued at about $4,000,000 in American money, of which about 70,000 baskets are credited to Antung district.

It is to Shantung that the greater part of the wild silk is exported. There it is manufactured into the familiar Shantung pongee famous throughout the world.



Weaving Tussah silk at the South Manchuria Railway Central Laboratory at Dairen

CHAPTER IX

FORESTRY AND FOREST PRODUCTS

THE Chinese have been chopping down their forests for more years than history can remember. They have been using wood for fuel and for building materials and a hundred other things for more than three-thousand years. Wherever and whenever Chinese population-centers shifted into virgin country they acted like a withering curse on the forest lands nearby. Shockingly bald-headed hills in sterile nudity are the dominating feature of Chinese landscapes.

There was one place where the forest stood in stately splendor—where the Chinese could not get at it. The Great and Little Khingan ranges on the northwest, north, and northeast, and the Changpai mountains in the upper reaches of the Yalu, the Tumen, and the Sungari, and the district round about Sansing happened to be just that sort of places. If Manchuria is "the Granary of Asia," she is in a more emphatic sense the treasure house of China's forest wealth.

GREAT AND LITTLE KHINGANS

In the Aigun, Wuyun, Nunkiang, Lunkiang, Hulun Districts over the Great and Little Khingan Mountains in Amur Province, one estimate puts the number of trees near five and a half billions of more than 108 billion cubic feet. No doubt more romance than scientific data must have entered into the fashioning of this estimate. Yet this is the closest thing to an official figure on the

subject; for the estimate was taken from a table prepared by the Civil Administration of the Kwantung Leased Territory. This is the greatest forest wealth of Manchuria: it takes in something like four-fifths of the total. But it should always be kept in mind that all this is in an unexplored region.

YALU BASIN

By far the most famous timber district of Manchuria is located on the right or Manchurian bank of the Yalu and on both banks of the Hun River, which flows into the Yalu. It covers the forest area of more than 3,000,000 acres with the estimated timber wealth of more than five billion cubic feet.

There are two other forest areas in Mukden Province —one that of Sungling and the other covering the mountains Tailing, Fensuiling, and Hamaling, which together are estimated to have something more than one billion cubic feet of timber.

CHANGPAI RANGE

In Kirin Province, over the Changpai range, in the upper reaches of the Sungari, the Hurka, and the Tumen rivers is the great area of more than 4,800,000 acres of forest with sixteen billion cubic feet of timber.

In the Sansing District, stretching away from the Sungari on both banks, there is the area of some 10,000,000 acres with fifteen billion cubic feet of timber.

Then there is still another rich area along the Chinese Eastern Railway, and for that reason well known to the outside world, stretching eastward from Harbin to Pogranichnaia over the Changkwangsai mountains, some 5,000,000 acres with about ten billion cubic feet of timber.

ESTIMATED FOREST WEALTH

In the above estimates the figures covering the Great and Little Khingan range, forest areas and forest wealth should be taken with considerable reserve. With all that, the estimate of a writer who put the total forest area of Manchuria at 31,500,000 acres and the timber wealth upon them at 122,000,000,000 cubic feet seems entirely too low. He seems to have ignored a large portion of the forest areas of the Great and Little Khingans in his summing up. This happens because nobody seems to know exactly or even approximately how much timber there is in that section of North Manchuria. Yet, as a matter of fact, that very section of Manchuria is by far her greatest forest belt. From the point where the River Shilka meets the Argun and gives birth to the Amur, the vast arch of the North Manchurian forest land stretches clean down to the line of the Chinese Eastern Railway both to the southwest along the Great Khingan ranges and to the southeast over the ranges of the Little Khingans. The recent timber estimate for the whole of North Manchuria reaches as high as 136,000,000,000 cubic feet; and the overwhelming proportion of that is to be found in the section mentioned above. Only along the line of the Chinese Eastern in the headwaters of the Yalu in the Great Khingan range in the west and in the belt east of Harbin out to Suifen and Pogranichinaia where the line leaves the Manchurian border for Vladivostok have the forests been worked to any extent. Not more than a thirty-fourth part of the whole forest wealth of North Manchuria, or not more than four billion cubic feet of lumber, has been touched so far. From all this it would appear that the total forest wealth of North and South Manchuria can hardly be less than 150,000,000,000 cubic feet of timber, covering not less than 45,000,000 acres, which is a trifle more than one-fifth of the total area of

Manchuria. The forest area of the United States is put at 463,000,000 acres, which is about one-fifth of her total area. Once upon an ancient day a Manchu Emperor looked out upon the forest land of his domain and exclaimed, "Sea of Trees!" To a passing eye Manchuria looks quite as densely covered with forests as the United States.

TREES

The distinction of the Manchurian forests is the great variety of trees which they contain. One writer puts the different kinds so far discovered at 300. About twenty of them dominate the rest. More than forty per cent. of the Manchurian forests are covered by conifers, and the rest by various broad-leaved trees. Of the conifers, *chosen-matsu* (Chosen pines, or Pinus Koraiensis) stand out prominently above other members of the pine family. One species of larch called *dafurika-matsu* (Laris dahurica) raises stately and straight phalanges to challenge the supremacy of the Chosen pines at many spots. Fir, spruce, oak, elm, maple, walnut, lime, willow, and poplar abound. There is a tree called acanthopanax which lifts its head some sixty to seventy feet and affords excellent hardwood lumber. And the birch forests along the Chinese Eastern line and in so many other sections are ever a delight to the eye. Over the Khingan ranges larches and red pines hold their sway. The age of Chosen pines in the Manchurian forests average about 300 years; but they live one and a half times longer than larches.

WASTEFUL LOGGING METHOD

These Manchurian forests stood undefiled by ax and saw for countless centuries until about seventy years ago. It was then that the first chapter of the story of

Felling a larch tree in North Manchuria

A flotilla of lumber junks on the Sungari River

their slaughter was written by Chinese colonists. At the time, the Peking Government decided to open up the extreme eastern border territory along the Yalu to the Chinese farmers with a freedom which had never been known before. For, as we have seen before, the Manchu Court at Peking ever leaned to the policy of excluding Chinese from the sacred soil of their ancestors. Back in Shantung, the people were feeling the dread effects of the terrific famine of the days of Tung-chi. The result was a rush out of the old province into the new territory opened up on the Chosen border. As they came on, their one idea seemed to be to clear as much of the forest land as possible through any old means at their command. They cut down trees not for the sake of lumber, but for the one end of clearing the land for farming. All that land lying between the Hun River and the Yalu had been covered with dense forest until they came, but only a profaned memory of that remains today. All this savage and indiscriminate chopping down of trees by the Chinese colonists, however, resulted in opening up a lumber trade on the Yalu, though for years, it should be remembered, the lumbering business was a mere side issue with Chinese farmers. In those early days there was no body of men devoted exclusively to the felling of trees or engaged in the lumber trade.

Those crude days of lumbering on the Yalu did not last for long. It did not take much time for the Yalu lumber to conquer the markets of South and Central China. In the opening days of Emperor Kuanghsu many an organized band of woodsmen became active not only along the western bank (Manchurian side) of the Yalu but also all along the banks of many of its tributaries. These operations assumed commanding proportions in an incredibly short time and made the port of Tatungkou at the mouth of the Yalu the greatest timber market of North China. In fact, for a time, it looked as if the

port had the sole monopoly in lumber for North China. The port of Tatungkou was admirably located at the mouth of the Yalu River for this lumber trade. All the logs from upper streams of the Yalu and the Hun came floating down the river in monster rafts to Tatungkou, where they were collected, sorted, and dressed, and then shipped to all consumption centers on the Yellow and Eastern Seas. This resulted in the formation of a corporation financed jointly by the local Chinese officials and the merchants, with the capital of 200,000 taels. But the Chinese officials connected with it killed it through the same time-honored method of squeezing the hen with golden eggs a bit too hard and too enthusiastically.

RUSSIAN ACTIVITY IN YALU LUMBER

Meanwhile the Russians were making their way south. In the early days of the Twentieth Century their eyes were on the timber wealth of the upper Yalu. A Russian army officer as the head of a large lumber company came down to the Hun River basin and stationed himself at Tunghua. This Russian interest acquired a large tract of land at the mouth of the Yalu on the Chosen side of the river at Ryogampo, facing the port of Tatungkou across the stream, and conducted lumbering business on a large scale. At about the same time, there was organized a joint corporation of Chinese and Japanese for the purpose of exploiting the timber resources of the Yalu. They competed with the Russians and were in constant dispute with them. The Russians in the end put the Sino-Japanese company out of business through a treaty agreement signed with the Chosen Government over the Yalu timber question. The incident died there as far as the Sino-Japanese lumber company was concerned. As a political factor it did not die altogether;

it smoldered on. It turned out to be one of the fuses which fired the Russo-Japanese war of 1904-5.

KIRIN FORESTS

The great forests of the Kirin Province were in the Imperial preserve. No lumbermen were permitted there under specific prohibition of the Manchu Court at Peking, so they enjoyed centuries of sylvan peace. When the Manchu court reversed its exclusive policy in the middle of last century these forests felt the onrush of Chinese colonists with the rest of Manchuria. The local Chinese officials were not slow in finding a source of revenue in these great forests. They charged three Chinese dollars for an "ax permit." Portions of the Imperial preserve were sold to private interests. In that manner much of the forest land passed into the hands of exploiters. The pioneers who entered the Kirin forests were comparatively small in number in the earlier days. They went along the river banks and picked out the choicest lots of timber near the stream, so that they might be rafted down without the trouble of hauling them out for any distance. They did not poach much on one another's territories. But with an army of newcomers rushing in, and with the rapid rise of demand for lumber from this section, an ever-increasing number of workmen without any permits at all invaded many sections of the forests which tempted them with especially fine collections of trees. Lawlessness increased in a marked degree with the coming of the Boxer Trouble of 1900, when the local authority broke down for a time. The Russo-Japanese war gave thousands of floating Chinese lumbermen a chance of completely ignoring the local authorities in the matter of permits for felling trees in the forests and of taxes in connection with lumbering. Any old Chinese coolie out of a job who thought it profitable to enter the

forest and chop down trees did so without ever thinking of asking anybody's permission. That inaugurated a reign of terror similar to the one which had prevailed once on the banks of the Yalu.

The exploitation of the forest area along the Chinese Eastern Railway came naturally enough with completion of the line. The needs of the Chinese Eastern for ties and other construction material as well as for fuel was the first and the sole compelling motive force back of the lumbering work in that section of Manchurian forests. The Russians went at it with no specific treaty understanding with the Chinese and went ahead to cut down timber according to the needs of their railway. As the timber thinned along the immediate neighborhood of the line, they pushed their way farther into the forest land. Finally, however, as the business grew and possibilities of disputes among the men engaged in lumbering became apparent, the Russians under guarantee by the Chinese Eastern Railway entered into an understanding with the Forestry Department of the local administration and got timber-felling contracts. The men who secured such contracts were all Russians. The Chinese Eastern Railway was then following the policy of encouraging Russian emigration out to the Far East. It did everything in its power to help Russian settlers with all the advantages that could be secured for them. Lumbering was one of the most profitable. The foreigners were practically shut out in this section as far as lumber business was concerned, because the Russians commanded all the facilities of the Chinese Eastern line in marketing their lumber, while the Japanese or any other nationals could not count on any such convenience.

DESTRUCTIVE LOGGING METHODS

The Chinese, like most of the oriental peoples, have a deep and abiding respect for their ancestors. Their

In a birch forest of North Manchuria

Where the larch mixes with the birch in North Manchuria

regard for posterity is not deep at all and gets nowhere. They show this characteristic in a striking way in this business of felling timber. The loggers' eyes are emphatically on the immediate profit. They have never had the pleasure of being even acquainted with Posterity. Why, then, should they worry about it? And, be it remembered, our Chinese friends have no monopoly on this attitude of lumbermen to the future of the forests. With all the enlightened and scientific talk in the United States, the civilized American is chopping down more than twenty-six billion feet of lumber every year—that is safely four times as fast as the trees are growing there. In Manchuria the crime has been committed without even a show of conscientious scruple. Not more than 30 per cent. of the merchantable lumber that is being felled is finding its way into the market—that is the general consensus of opinion now. As a general thing, they leave stumps breast high whenever chopping closer to the root causes any discomfort to the lumber-jacks. And these men, who have infested the Manchurian forests like a scourge, select only the choicest trees and the choicest portions of the bole. The rest they burn on the spot. This was done with savage ferocity when the forest lands were first opened to the flood of starvation-driven Shantung farmers. After thus burning down the trees and clearing the land they put the land to crops in the most wasteful manner possible, with no thought of to-morrow. Two or three years of this sort of agricultural crime robs the land of all vegetable soil by erosion. It exposes the mineral soil which is not fit for even tree-growth. The patches of land so abused are called "paitze." To-day, the former dense forests of Manchuria are dotted with "paitze" everywhere.

Back of this wasteful method of the Manchurian loggers of taking out only 30 per cent. of the timber they fell, is a good and sufficient reason—namely, the loggers

pay only for the lumber they take out. In the exploitation of the Manchurian forest wealth, the Shantung farmers are not the only sinners. Russians working the district east of Harbin along the Chinese Eastern were pretty nearly as bad.

The loggers enter forests in the latter part of September every year in all the three major fields of operation—in the Yalu section, in the Kirin, and along the Chinese Eastern line. In the upper Yalu they work from the middle of October to the middle of December. In other districts they begin the work at about the same time, but continue longer—up to the end of March and into April of the following year if weather conditions permit. The timber cut in spring and summer when the sap is up is soft and quick to decay. Of course the cutting down of firewood goes on through all seasons. Moreover, in hauling out the logs, summer with its dense undergrowth gives no end of trouble to the logger.

TSAR'S INTEREST IN YALU LUMBER

Large organizations for felling and marketing Manchurian forest products were first formed in the Yalu field. An out and out Russian adventurer, one Bezobrazov, came out to the Far East. Before he left St. Petersburg, in November, 1902, Count de Witte, who was then the Russian Minister of Finance, had placed in the Russo-Chinese Bank to Bezobrazov's credit the sum of 2,000,000 rubles under the command of the Tsar. Bezobrazov spent two months out in the East and launched a formidable corporation to exploit the timber wealth of the Yalu on a large scale. Of this adventurer and his semi-official corporation Witte wrote in his Memoir:

"He declared himself to be a personal representative of the Emperor. . . . Everywhere he advocated the policy of industrial aggression by military force. . . .

"Bezobrazov succeeded in forming an industrial corporation for the purpose of exploiting the forest in Yalu River basin. The corporation hired a number of Chinese robber bands and used them as guards, but the Chinese Government regarded them as outlaws and there were frequent clashes between the guards and the regular Chinese troops."

General Kropatkin, then the Russian Minister of War, who in those days "could not help looking at Manchuria as territory which in part must become a Russian possession in the future," was also in the Far East at the same time as the adventurer Bezobrazov was. On his return to St. Petersburg, even Kropatkin has this to say in his report to the Tsar:

"I dare not conceal from your Imperial Majesty my apprehension that now that our enterprise in the Yalu region has become known to the world and that the high interest of the Autocrat of Russia in the undertaking has also become a matter of common knowledge both at home and abroad, it is no longer possible to present this enterprise as a purely commercial venture, and in the future it will inevitably preserve a great and alarming political importance."

The activities of this Bezobrazov's corporation were the sensation of the time. This adventurer won the Tsar completely over to his side and in the end triumphed over Witte and other wiser and moderate leaders of Russia, and became the real author of the Russo-Japanese war. And this Yalu timber venture of his backed by the Tsar and the soft-money specialists among the grand dukes was responsible more than any other one thing for forcing the situation.

After Kuroki and his men drove the Russians across the Yalu in the general direction of Mukden the Japanese army authorities took over the regulation of the lumber trade on the Yalu. After the war, in April, 1907,

the organization for handling the lumber business on the Chosen side of the Yalu was formed. This developed into the present Lumber Undertaking Station of the Government-General of Chosen which controls the logging business over 5,500,000 acres of timber land on the Chosen side of the Yalu River and in the basin of the Tumen River.

In 1908, the Yalu Timber Company was organized with the capital of $3,000,000, one half of which was furnished by Chinese and the other half by Japanese capitalists, a joint enterprise known among the Chinese as *"Yalukiang Tsaimu Kungssu."* This company controls the entire forest area on the right or Manchurian bank of the Yalu as well as in the extensive basin of the Hun-kiang, a large tributary of the Yalu. The forest area under the control of the company is about 2,500,000 acres, and the timber wealth in it is estimated at more than 4,200,000,000 cubic feet. The company is to-day the largest of the kind in Manchuria.

In the Kirin district various attempts have been made to organize a corporation to handle the lumber business on a big scale—mostly by local Chinese officials. A few Japanese capitalists tried to enter the field also, but one and all met failure through floods and financial difficulties. Since 1918, however, in the post-war boom days, quite a number of strong Japanese corporations have entered the field and have continued since. There are also two comparatively large Chinese concerns operating in this field to-day, though the Chinese are under a disadvantage. They have not as much working capital, and their connections outside of the domestic market are not as good as those of their large Japanese competitors.

The markets for the Yalu timber are in China and Chosen almost exclusively. Japan takes about 5 per cent. of the Chosen and Chinese purchases. The total export of lumber out of the port of Antung on the Yalu for

Russian loggers' cabins in North Manchuria

Hauling logs to a railway station in North Manchuria

1922 was valued at Hk. taels 4,971,460. Of that total, Chosen took 2,274,071 taels' worth, and China 2,490,489, Japan's portion amounting to 216,418.

The lumber output of the Kirin and the Chinese Eastern railway belts is largely for domestic consumption. At present more than 80 per cent. of the Manchurian lumber output goes to fill domestic needs. Manchuria used to be a good market for American lumber; she used to take a lot of the Hokkaido products also not so many years ago. All that has been changed by the opening up of her own timber areas. Not only has Manchurian lumber stopped the invasion by foreign wood, but it has actually carried its flying columns into the home of the Hokkaido lumber—into the markets of Japan. With all the destructive felling of trees in the Manchurian forests of which we have told, it must be said that the lumbering business in Manchuria has not gone much beyond a mere curtain-raiser stage. In Kirin and Amur Provinces there are millions of forest acres which have never echoed the ring of an ax; literally thousands of forests which have never been measured by man. Moreover the cheap labor-cost in Manchuria is bound to be a telling element in pushing the market for Manchurian forest products ever wider with the years to come.

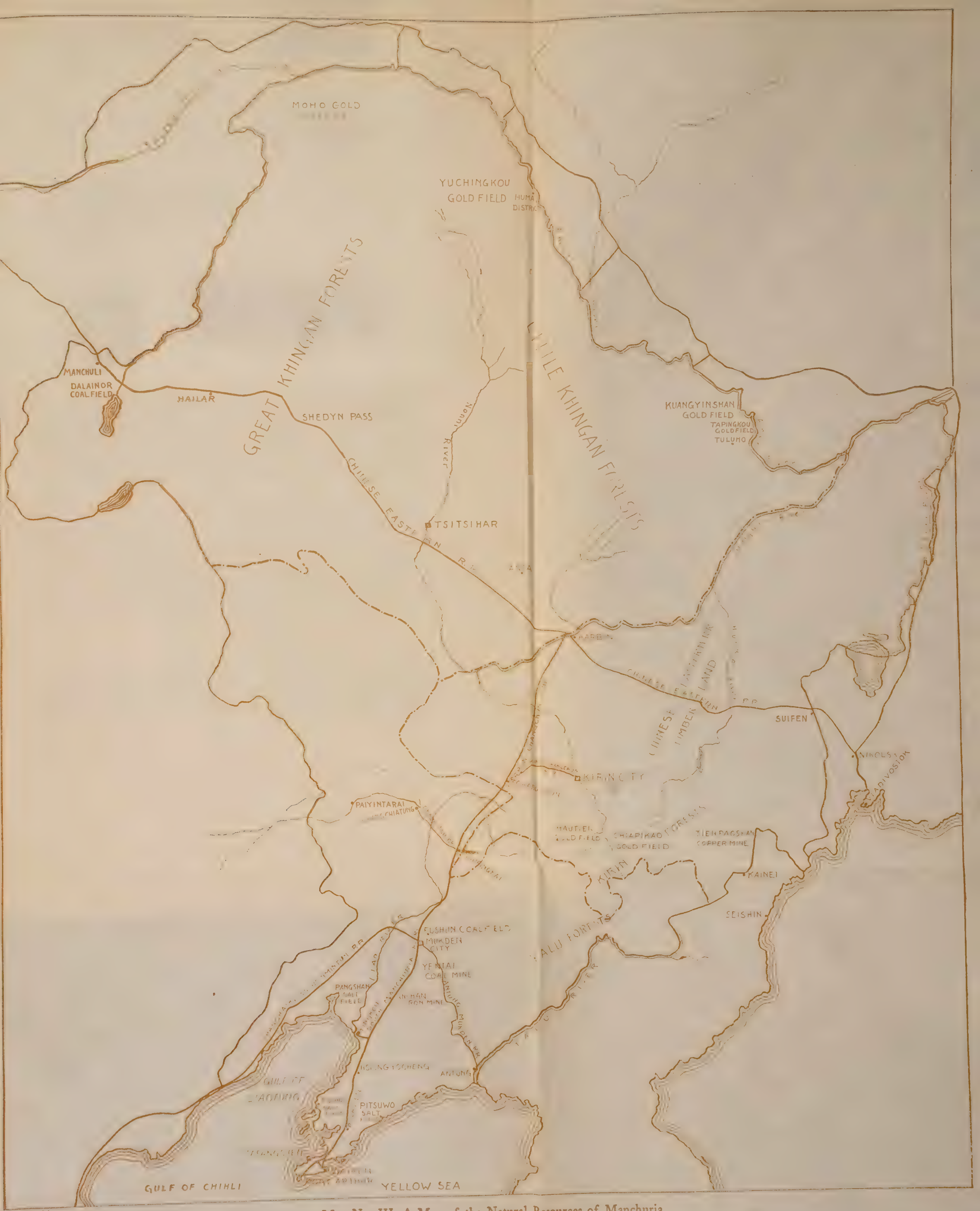
On the Chosen side of the Yalu the Government-General of Chosen is following a scientific forestry policy which is as efficient and as wise as that of France or Sweden. It is hoped that Manchuria will soon follow in the steps of its neighbor in her forestry policy and take efficient measures for the afforestation of her cut-over areas. When this is done Manchuria is destined to be the treasure-house of Asia's sylvan wealth for countless generations.

CHAPTER X

MINING AND MINERAL WEALTH

In the days of Tai-Hao, at least 3,000 years before Rome was even a village—just about the time when Cheops was building his first Pyramid at Gizeh—the Chinese had metal coins. That is, if you put your faith in the chroniclers of the Middle Kingdom. Toward the close of Hsia Dynasty, about 1990-1818 B.C., the Chinese had three kinds of coins, yellow, white, and red, or as we should say in our modern lingo, gold, silver, and copper coins. They were not imported: the metals had been mined from Chinese soil.

Mining, as almost all enterprises answering basic life-needs, was an old, old story in China. The reigning family almost always had a monopoly over mines of all sorts. This was based on the venerable doctrine, hoary as the divine right of kings, that "the profit of mountains and rivers under the heavens" should be the exclusive possession of the sovereign. The Chinese thought it bad for the common people to take to mining, because whenever and wherever a mine is opened there was bound to be a gathering of all sorts of adventurers and sinners excited with greed, as the openings of treasure trove have proved in the story of man. A famous minister of Emperor Yuan of the Han Dynasty opposed the opening of mines on three grounds: it makes people shift from farms to mines to the detriment of agriculture, it offends and obstructs the spirit of Wind-and-Water, and it encourages the wanton felling of forests, bringing about floods and droughts.



Map No. III: A Map of the Natural Resources of Manchuria

© Adachi

Still all the king's ministers and all their wisdom did not keep the Chinese from going right ahead to dig out the buried wealth. In the days of the Han Dynasty (206 B.C. to 120 A.D.) some people in Kiangsi uncovered "rocks which burnt quite as well as wood"; and in the days of the Wei Dynasty (220-264 A.D.), it is recorded, more than 1,000 miners were crowding into a district in Shansi to wash gold from a river-bed. In the days of the Han mining had prospered to such an extent that iron and salt were looked upon as the two great assets of the state.

GOLD IN MANCHURIA

For centuries the Chinese have known Amur Province under the name of the "World of Gold," or "Gold-Producing Land." To-day there are no less than 113 gold mines being exploited in the Province. Most of them are alluvial gold and are governmental enterprises. Concessions for more than 10,513 acres of gold-fields have been given out by the Province. That is nearly ten times the gold area in the Province of Kirin covered by concessions, and a good deal more than eleven times that of Mukden Province.

Gold fever in Amur Province has quieted down considerably of late. The rise of the price of silver, the standard of value in China, in the post-war days lowered the price of gold violently. That is perhaps the chief reason. But not so many years ago the gold-fields of Amur Province were exceedingly active.

MOHO GOLD FIELD

Perhaps the most famous of them all was the Moho gold-field. It is located on a small stream, a branch of a river which empties into the Amur near the Russian

town of Albazan. It is some forty miles from where the Shilka joins the Argun. It has been worked since 1888. In its early days it yielded quite a handsome revenue for the Peking court and was often the theme of Imperial Edict. Its alluvial bed is extensive: eight to ten miles in length and from 50 to 230 yards in width. It straddles the streamlet. The depth of the alluvial bed measures from seven to twenty-three yards. In earlier days the gold was found in large nuggets and made the work of mining both simple and profitable; but of late, as the richer sections have been worked out, the gold dust found is getting finer and finer in size. The bed is divided into the Great Creek and the Small Creek. The Great Creek is the old field, which has been worked since 1888. Both sections have shown signs of exhaustion for years. At the time of the Boxer Uprising of 1900 the Russians occupied the field and went through the choicest sections; but even in the years following the Russo-Japanese War there were more than 8,000 miners at work in the field at one time. Since then, however, the fields have been on a steady decline. By 1916, the number of miners was down to 4,000; the following year it fell to one half of the number, and in 1918 there were no more than 262 miners operating there.

In the Taipingkou section along the right bank of the Amur, between the mouth of the Sungari and Blagoveschensk, Kuanyin-shan gold-field has been famous as a rich deposit. At the time of the Boxer trouble the Russians drove out Chinese miners there and took it over and worked its richest portions with feverish haste. In the same district, along the stream of Tulu-ho, there was discovered a large field over 100 miles from east to west and thirty miles from north to south. It was opened in 1903 but was abandoned for a time as being too poor for commercial exploitation. Then in 1908 a new section was opened up in the same district, whose

promise was reported to be something sensational. The Government sent an official to examine the possibilities of the district, then joined it with the old Kuanyin-shan mines. In 1917 the chief of the branch office of the mine field at Tulu-ho gathered together a lot of lawless elements and organized them into a bandit army, which attacked the police and military guards stationed at the gold field. The disturbance drove away a considerable number of miners, and the field has not recovered from the effect of the trouble.

North of Blagoveschensk, farther up the Amur, in the District of Huma, there is another field along the Humara River. Then, down this stream, some thirty miles southwest of the Huma District, is another gold field which caused a tremendous stir at one time. No less than 15,000 miners were reported to have rushed into this field of Yuchingkou, but of late, like so many other gold fields in North Manchuria, it has lost much of its drawing power. To-day there are not more than 500 miners washing in that district, according to a recent report.

The river-bed of the Arakan, in the northwestern corner of Amur Province not far from the famous Moho field, might also be mentioned.

Practically all these fields along the Amur and in the Argun valley might be said to have been worked and pillaged by the Russians. In the middle of the Eighteenth Century the criminal and adventurous elements among the Russians in Siberia stole over the Amur River into the Chinese Province of Amur. In those days the Russian Government did not permit individuals to engage in gold-mining in Siberia. These Russian exiles in Siberia looked down upon China as a weak, semi-civilized country; and they found in the gold-fields of Amur Province a happy hunting-ground after their own hearts' desire. In 1882 Li Hungchang succeeded in bringing about an

understanding with Russia to make the gold-mining in North Manchuria a joint enterprise between the Imperial Houses of China and of Russia. Through this means the wily statesman planned to stop invasion by the Russian outlaws—not through the efforts and power of the Chinese army or police, but entirely through the efforts of the Russian officials, who would naturally wish to protect the interests of the Tsar. But all the fond hopes of old Li went the way of clay-pipe bubbles. For soon after that came the Sino-Japanese War, to be followed by the Boxer uprising through which North Manchuria suffered more than through any other disaster. Then a few years later came the Russo-Japanese War. Finally, in 1907, when the Chinese Government saw that most of the Russian outlaws and outlaw miners had cleared out of Amur Province, it succeeded in taking over many of the more important gold-fields of the Province and placing them under direct government control and supervision.

GOLD-FIELDS IN KIRIN PROVINCE

Amur Province by no means monopolizes the gold-fields of Manchuria. About a quarter of a century ago inn-keepers along the road leading out of the head waters of the Sungari became curious about certain guests who happened to be all headed for Kirin and Mukden. They were farmers and farm coolies originally from Shantung mostly. There was something mysterious about their behavior. In the end the inn-keepers, who are among the best of detectives in that part of the country, found out that each and every one of the sojourners carried with him a bowl or two of gold dust. It was not long before Shanghai papers were broadcasting news of a Manchurian Klondike, and more than 2,000 miners rushed into a small patch not more than a sixth of a

mile long, sloping gently from the foot of a hill at the head waters of the Sungari, where a creek was running.

In Kirin Province, the gold-fields are along the river-beds of the tributaries of the Sungari, in its upper reaches to the southeast of the City of Kirin, round about Huatien. Some are found in the Chientao District. Also the districts about the City of Sansing on the Sungari, in the northern section of the Province, have been famous for years for their gold production. The gold-fields of this section alone produced in the nine years from 1913-1921 more than 38,000 liang (a liang is about 1.315 ounce) of gold. That is the official figure, which means that the actual output of this region could not have fallen much below 70,000 liang of gold, as more than half of the actual production usually passes through canny Chinese fingers without official record.

Perhaps the most noted of the gold-fields of Kirin Province is that of Chiapikou. That is the only gold-field mentioned in the exchange of notes between China and Japan of May 25th, 1915. Evidently Japan thought it about the only gold-field in South Manchuria worth any attention. It is some 125 miles southeast of the City of Kirin, in the District of Huatien. A logger stumbled upon it in the first year of Taokuang, 1821. It reached the apogee of its fame more than half a century ago.

A miner named Han, a native of Fuchou, entered it some seventy-five years ago. He worked himself up from the ranks. His ability as an organizer and leader among his fellow workers asserted itself, and soon he was at the head of many devoted followers. With these he was successful in repulsing repeated attacks by *hung-hutze* bandits and criminals who tried to raid the gold-fields. In the end he became the master of a large section of the gold-fields which bear the name of Chiapikou. He built there a sort of small principality of his

own. The Peking court itself thought it wiser not to meddle with his domain. Instead the Peking Government invited him to take in under his sway about three-fourths of the District of Huatien. This little gold-field kingdom has since been handed down to his posterity.

Minor gold-fields are also found along the banks of the Tumen some forty miles northeast of Hunchun, in the valley of the Suifen River, which flows into the Bay of Amur, on which the Port of Vladivostok is situated, and also along the tributaries of the Hurka River.

In Mukden Province traces of alluvial gold are found at many points—near Kaiping, Hsiungyaocheng, Haicheng, Tiehling, Hailungcheng, Hsinking, Tunghua, Huanjen, and elsewhere. These fields seem to have been worked pretty thoroughly, so that the gold output of the whole province at the present time does not amount to anything worthy of mention, hardly more than twenty or thirty thousand yen a year in value.

COAL MINES

The mineral wealth of Manchuria, however, does not depend on gold. Coal stands at the head of the list by a decisive margin. The total reserve of the Manchuria coal-fields cannot be much lower than fourteen billion tons. We have already seen that the Fushun bed is the thickest of all the world's known coal-seams. In that single field there is an estimated store of twelve billion tons. The total number of the coal-fields in Manchuria and Inner Eastern Mongolia reaches to fifty, taking in large and small. Of that number, there are only six coal-beds of importance. The Fushun field, those of Yentai, Penhsihu, Changchun, Kaiyuan, those along the line of the Chinese Eastern Railway, of Wafangtien in the Kwantung Leased Territory; and one field west of the Liao River. The story of the great Fushun mine has

Open-Cut Mining at the Fushun Colliery

Dynamiting Coal at the Open-cut mine at Fushun

already been told in connection with the work of the South Manchuria Railway Company.

Fushun coal belongs to the tertiary period; it is bituminous, exceptionally rich in volatile matter, and therefore admirably fitted for the production of gas. The following analysis was made from various samples taken from different sections of the mine and at different times:

	Percentage from		
Moisture	2.240	to	7.186
Volatile matter	38.371	"	48.758
Fixed carbon	45.340	"	60.465
Ash	1.440	"	9.340
Nitrogen	1.100	"	2.307
Sulphur	0.338	"	1.738

Color of ash, light brownish grey.
Specific gravity, 1.229 to 1.342.

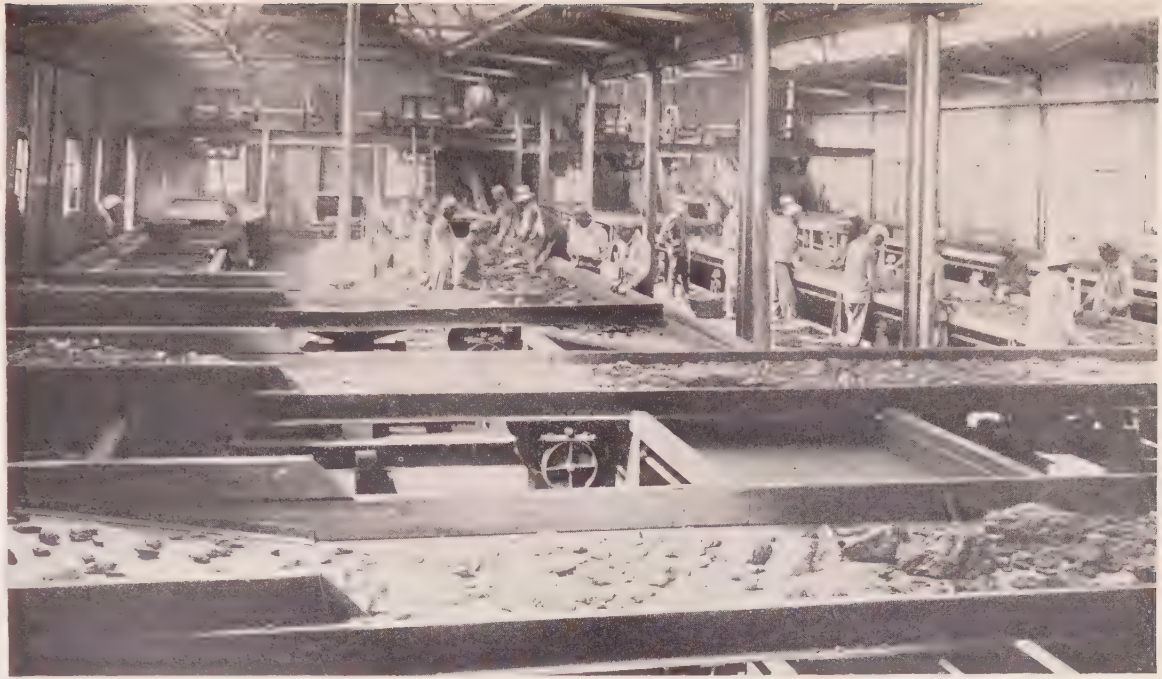
In August of 1924 the daily production of coal at the different pits and the open cut at Kuchengtze were as follows:

Kuchengtze Open Cut	3,958 tons
Chienchinchai Pit	1,035 "
Oyama Pit	2,000 "
Togo Pit	1,074 "
Yanpaipu Pit	1,541 "
Laohutai Pit	1,493 "
Wantawu Pit	1,179 "
Hsintun Pit	1,275 "
Lungfen Pit	929 "

The total daily output of all the pits, therefore, amounted to 14,484 tons. Production pace was materially increased in the fall, the daily production in the closing days of October being 17,000 tons. The closing

down of a number of coal mines in Chihli Province, including those of the Kaiping Mining Administration, because of the civil war, gave an unmistakable indication of greater demand for the Fushun coal in the near future, although this had not been felt in the sales up to November. There is another factor, more important even than that, which is bound to tell on the sale of Fushun coal in a marked degree. That is the sensational rise in the value of Mukden notes. That enhanced the purchasing power of Manchuria suddenly and sensationally. An effect of it is bound to show in the coal consumption of the coming winter. The daily output of 17,000 tons, at which rate the Fushun mines are working at present, tells an eloquent tale when one sets it against the background of the daily production figures of the same coal-field in the days of Russian management—less than 360 tons a day.

The Yentai coal-field is about nine miles east of Yentai Station on the main line of the South Manchuria Railway. Just when it was discovered no record seems to show. The natives of the section are fond of tracing it back to the days of the Tang Dynasty (618-906 A.D.). It is entirely possible that this field was discovered and worked by Chosen workmen in much the same fashion as the Fushun field was, and at about the same time. Since the army of Genghis Khan drove the Chosen people eastward across the Yalu, the Yentai mine has been worked by Chinese for centuries. When the Russians built the South Manchurian line this coal-field passed into their hands. The daily output in those days amounted to about 200 tons, which they used entirely for the railway and the army. Kuroki's army in the Russian war took this field in September of 1904 and worked it, getting out of it about 200 tons of coal a day. The South Manchuria Company took it over in 1907, at the same time the Fushun field was turned over to them; but, naturally,



Where the Fushun coal is being carefully sorted and picked

they followed the policy of concentrating their efforts on the larger field and left the Yentai as secondary.

Yentai coal belongs to the carboniferous period. It is semi-anthracite, with 0.5 to 2.73 per cent. of sulphur in it. The seam is made up of no less than eighteen series of layers of from one to six feet in thickness. The total deposit is estimated at forty million tons, and it is being worked at the rate of 400 tons a day.

Penhsihu coal-field is on the Antung-Mukden line of the South Manchuria Railway, about forty-seven miles southeast of Mukden. In size it is only second to Fushun among all the coal-fields of South Manchuria. The Penhsihu River running from east to west cuts the city in two. The whole of the section south of the stream is taken up by the coal-field and the iron-mine situated there, and both deposits are worked by the same company. The Penhsihu coal, like that of Yentai, belongs to the carboniferous period. It is anthracite, and is famous for its coking qualities. The coal and iron fields at Penhsihu are worked by a Sino-Japanese joint company with the capital of $7,000,000. It is producing in the neighborhood of 450,000 tons of coal a year. In its iron-mine and its coal-field the company employs about 4,500 people.

The Dalainor coal-field is to the northwest of the Dalainor station on the Chinese Eastern Railway, not far from Manchuli on the border of Amur Province and trans-Baikalia. It is worked by Russians under contract with the Chinese Eastern Railway Company, which own it. It has been producing about 350,000 tons a year from its four sections, two of which are worked by the open-cut mining method. About 80 per cent. of its output is taken by the railway for its own use, the remaining 20 per cent. going to the markets along the line. The coal is not of the best quality, which can be seen from the following analysis:

Water	17.25
Volatile matter	38.25
Fixed carbon	39.50
Ash	5.00
Sulphur	0.27

In summer the mine employs as many as 4,000 miners, but in winter the number is cut to about 2,500. Ninety per cent. of the miners are Chinese, the rest Russians.

Other coal deposits in Amur Provinces which have been discovered and exploited are of minor importance. So are also those found in Kirin Province.

IRON MINES

Of China's store of iron the famous German scientist who played prophet (which of course was no profession for a scientist) some years ago saw simply a rosy dream rather than made a scientific diagnosis. F. von Richthofen thought the iron ore of Shansi was enough to answer the need of the whole world for many thousands of years. It has turned out that the total iron-ore deposit of the whole Chinese Republic would not last nine years for the needs of just one of the great iron-producing countries of the world, namely, the United States—at the rate she has been going in recent years. For the total amount of the iron ore of China is estimated at 677,899,000 tons. Of this amount more than one-half is in the mines of Mukden Province of Manchuria. The iron-ore deposit of that province is estimated at 387,580,000 tons.

ANSHAN

Of the Manchurian iron-field, that of Anshan district stands out pre-eminent with about 200,000,000 tons of

Anshan Iron Mine

ore reserve. The South Manchuria Railway Company is working it, as has been told in the story of that company. There is a vast amount of low-grade ore there. It would keep the works busy for years, now that the company has at last solved the knotty problem of mining the low-grade ore at a commercial profit. But mixed with this great store of low-grade ore, with iron running to about 30 per cent., there is a deposit of high-grade ore in which iron runs as high as 60 to 70 per cent. There is enough of this high-grade ore about Anshan to keep the works busy for about seven years.

The ore is now being mined at more than ten different points, all within a semicircle of about nine miles radius to the southwest of the Anshan works. They are all connected with the iron-works by railway and are near the Taitze and the Chienshan River. The tradition of the place has it that the mine was first opened some 900 years ago but later was abandoned entirely and remained closed for ages. In 1909, however, Mr. Kido, one of the mining experts of the South Manchuria Railway, discovered what is now known as the East and West Anshan iron-ore beds. Since then the South Manchuria Railway Company has put in more than 35,000,000 yen to establish the Anshan Iron and Steel Works there. The difficulties it met and the final success of the enterprise would make an entertaining and enlightening tale, but it is entirely too long for the present hasty review. Two blast furnaces have been installed, and in 1923 the works produced 74,528 tons of pig iron.

MIAOERHSHAN

Next to the Anshan comes the iron-field of Miaoerhshan, which supplies ore to the Penhsihu Iron and Steel Works. The ore-field is not new. The Chinese worked it in a small way as early as 1833. The Russians, it was

also reported, had tried their hands at it just before the Russo-Japanese war-time. Since the Russo-Japanese War the Okura-gumi interests of Tokyo have entered the field and are working it in co-operation with Chinese interests. Like the Anshan deposit, the Miaoerhshan ore-field has both rich and poor ores. The richer ore deposit shows iron from 68.09 to as high as 70.69 per cent., manganese 0.24 to 0.28, sulphur 0.02 to 0.15, phosphorus 0.02, and water 0.3 to 1.3. The poorer ore shows iron from 34.5 to 37.78 per cent., manganese from 0.13 to 0.17, sulphur 0.005 to 0.049, and water 0.40 to 0.55. In 1919 the ore mined amounted to more than 106,000 tons. Since then, with the sudden fall of the price of iron and steel, the mining operations have slowed down considerably.

Besides these, there are a number of minor iron-fields in South Manchuria. One field some twenty-five miles east of Liaoyang is now being worked as a Sino-Japanese enterprise capitalized at 1,000,000 yen. It is also known that there are some iron deposits along the Yalu in the northeastern corner of South Manchuria. Some of these minor iron-mines have been and a few are being worked by the natives by an old primitive method of theirs, smelting the ore with wood fires. The products are just about enough to make farm implements, pots for the farmers' wives, and a few other things needed about the village. Many of these small native iron works have been put entirely out of business since the coming of the modern establishments.

OTHER MINERALS

Quite extensive copper-fields exist in Kirin and Mukden Provinces. More than 6,980 acres of the copper-fields in Kirin Province have been given out in concessions. The copper-acreage of the Province of Mukden

Iron ore being loaded into ore cars at Anshan Iron Mine

Blast Furnaces at Anshan Iron Works

covered by concessions is 2,259. Of the copper-fields of Kirin Province that of Tienpao-shan, situated a little to the south of the highway from the city of Kirin to Chutzechieh, is perhaps the best known. The field is nearly two miles in length. It was opened by a Chinese in 1891, and is being worked now as a Sino-Japanese joint enterprise.

Whenever China thinks of wealth it is in terms of silver. She is one of the greatest consumers of it. It is rather singular, therefore, to see how little of that metal she produces out of her own soil. And Manchuria is no exception in this matter. There is a small quantity of silver, which comes with copper and lead, in the southern portion of Kirin Province; but it is nothing to raise one's voice about. Outside of that one can hardly see silver at all. There is a little lead in Mukden Province, a small quantity of antimony and manganese, as well as talc, mica, asbestos, fluorspar, sulphur, nitre, feldspar, silica, and graphite. Recently a considerable deposit of magnesite was found near Tashihchiao. But Manchuria has nothing much to complain of when she considers her wealth in the Fushun coal-field and the promise that is locked up in her iron-fields. For these minerals are the two missionaries of civilization. Empires have been built upon them largely; and they have ever been the foundation of commercial dominion in the world.

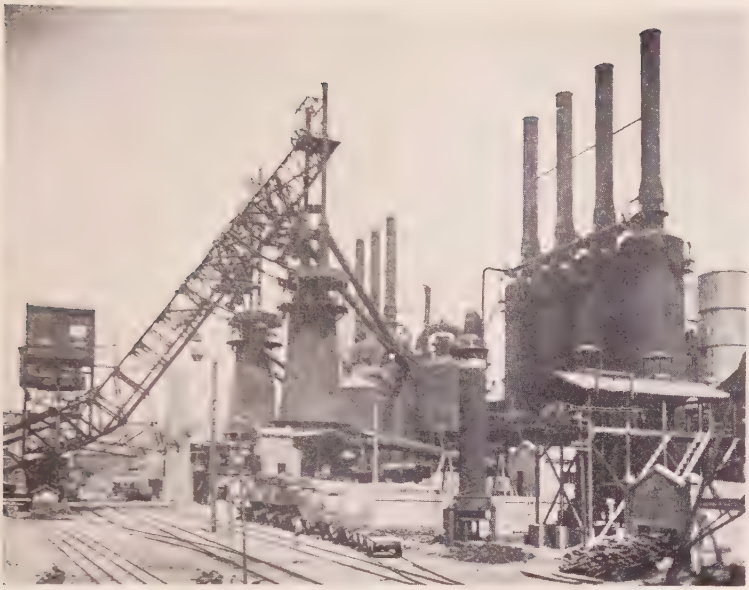
OIL FROM SHALES

Then there is another mineral product, and it gives promise of overshadowing even her two great basic minerals, iron and coal. Petroleum does not spout out of oil-wells in Manchuria, but her store of oil shales is quite enough to make the Chinese abacus dizzy. Though that is a sweeping statement, the deposit at Fushun makes

it look rather modest if anything. The amount is estimated at 5,500 million tons.

It was the South Manchuria Railway Company which found the way to work the low-grade iron-ore at Anshan at a profit, which achievement has a lot to do with the economic life and destiny of Japan for many trying years just ahead of her. And it is the same South Manchuria Company which has turned its attention to the shale deposit at Fushun. After many tests and experiments, and as the result of them, the company is confident that it can get 79,000,000 gallons of oil a year by working daily 2,000 tons of shale through the mill. If realized, this means the solution for a most trying problem for Japan.

Ways of taking oil out of shale have been known of old, but the business has proved a failure commercially wherever it has been tried, except in Scotland. There the work has been carried on for over seventy years at a profit. Before the war the cost of extracting the oil from a ton of shale in Scotland was $2. At that there was a profit of 80 cents a ton to be made. The Scotch shales yield on an average less than thirty gallons of oil to a ton of shale. That is far less than the yield of the American shales, which varies between forty and fifty gallons. Yet very few people bothered about the shales in the United States, for the sane and sufficient reason that it is so easy to get oil out of the ground—much cheaper than getting it out of shale. An experiment was indeed tried near De Beque, Colorado, with a Scotch shale-retort of the Henderson type, but it did not work out very well. Not because there was anything wrong with the idea or the plant, but because the shale from that particular section happened to fuse in the process of carbonization and stuck to the retort. An estimate of actual working costs of refining shale was made in the United States not long ago, based on a small plant costing about $220,000 and handling about 90,000 tons of



Blast Furnaces of the Penhsihu Iron and Steel Works at Penhsihu

Fifty-ton Electric Locomotive built for Fushun Colliery at the Shakako Workshop of the South Manchuria Railway

shale a year. In it the average cost per ton was figured at $1.37, of which fixed charges, such as taxes, repairs, and insurances, were figured at 32 cents, labor 50 cents, quarrying the shale 45 cents, extraction of ammonia 10 cents.

From such figures as these, it is not hard to see why and by what means the South Manchuria Railway Company intends to work its Fushun shale deposit at a profit. For in the case of this particular company, it can get the shale without spending a cent. The Fushun coal-mine is getting out a large amount of coal through the open-cut method now. In order to get at the coal deposit, about 2,000 tons of shale a day are being taken out. It is this amount of shale which the company intends to utilize in the proposed carbonizing plant. The Fushun mine, therefore, starts with the advantage of the saving of something like 30 per cent. of the working cost in the matter of quarrying the shale. Moreover, in Manchuria they have a decided advantage in the labor-cost item. The high cost of oil in the Far East is enough to make an American gasp. Under such conditions the profitable working of the Fushun shale enterprise is not at all astonishing.

Early in the summer of 1922 Mr. K. Akabane, who is now one of the directors of the South Manchuria Railway Company, happened to meet Admiral Nagasato and Vice-Minister Ide of the Imperial Japanese Navy. Mr. Akabane came out of that interview with a profound conviction of the necessity of an independent petroleum supply for Japan. It is largely to his untiring efforts that a steady investigation into the possibilities of the oil shale at Fushun has been pushed in all sober earnest. There is no one therefore who can present this matter with greater authority than Mr. Akabane. In an article published in the Far Eastern Review for April, 1924, he wrote:

The oil shale of the Fushun Collieries exists in a thick seam about 4,000 feet over the coal seam. Its total reserve is placed at 5,500,000,000 tons. By dry distilling the shale, 5.5 per cent. of crude petroleum on an average may be had. At this rate the total oil amount contained in the shale seam reaches about 300,000,000 tons, that is, 1,900,000,000 barrels, being about one-fifth of the aggregate petroleum reserve of the United States, amounting to 9,100,000,000 barrels. On this basis of calculation, the Fushun shale oil alone will be sufficient to supply Japan with her total annual wants of 6,000,000 barrels of petroleum for as long as 300 years.

Fushun shale cannot be said to have a high oil percentage, but its peculiar advantages consist of, firstly, its existence in an excessively thick seam directly above the coal seam at only a comparatively short depth from the surface ground; secondly, exceptionally low labor wages; thirdly, availability of fuel coal in an unlimited quantity and at a cheap price; fourthly, comparative plenitude of communications facilities; fifthly, abundance of water for industrial use. All these peculiar advantages work together to ensure an economic success to the oil shale industry at Fushun.

The reserves of the oil shale at Fushun Collieries, according to the various depths from the surface ground, may be roughly estimated as follows:

Oil shale reserve	Tons
Down to 100-ft. (underground)	252,000
Down to 200-ft.	505,000
" 300 "	756,000
" 500 "	1,223,000
" 1,100 "	2,380,000
" 2,000 "	4,151,000
" 3,000 "	4,932,000
" 4,500 "	5,477,000

The total shale amount estimated to be mined from the execution of the extensive open cut mining plan, is put about 500,000,000 tons. By dry distilling the annual outputs of between 5,000,000 tons and 10,000,000

Dining-hall for the Chinese coolies at Fushun Colliery

tons for 25 years, shale oil of 385,000 tons or 2,310,000 koku of shale oil on an average may be obtained, which will still be somewhat more than the total petroleum outputs of Japan.

Supposing that the oil shale should be mined on a 100 years' programme down to the depth of 2,000-ft. underground, in connection with the oil shale industry, some 2,000,000 tons of crude petroleum might be had from the average annual outputs of 40,000,000 tons of oil shale.

The recent petroleum demand in Japan being 1,000,000 tons a year, the Fushun shale oil by itself would satisfy the entire needs of Japan for scores of years, even if her annual consumption might be doubled or trebled.

The S. M. R. Co. proposes to begin with the utilization of the oil shale to be mined in the open cut mining zone, and then to take to a gradual extension of the industry as occasion may require with the object of making Fushun the central source of supply of solid and liquid fuels to Japan.

However, for treating Fushun oil shale on an industrial scale, the results of the experiments carried on by the S. M. R. Co. central laboratory, using (1) Scotch dry distillation method, (2) naval fuel depôt dry distillation method, (3) Swedish producing plant and (4) naval fuel depôt producing plant, have demonstrated the superiority of the Scotch process. Three kinds of shale specimens, each 30-lb., were forwarded over to Scotland, and the reports sent in have established beyond question the industrial merit of the shale.

The results obtained may be summarized as under:

	Average
Oil obtained from 1 ton shale	12.21 gallon
Sulphate of ammonia from the iron shale	50.58 lbs.

Report Prepared in December, 1923

	Gallon	lbs.
Shale sample "A"	22.00	61.30
"B"	13.63	53.22
"C"	8.99	56.83

Supposing that a new dry distillation and oil extracting plant on the Scotch system should be founded at Fushun, the expense and receipt accounts might be roughly estimated as follows:

Scale of Plant

700,000 tons of shale to be treated for 350 days in the year, at the rate of 2,000 tons per day.

Plant Construction Cost

Dry distillation plant	Y.3,600,000
Oil plant	1,500,000
Office, godowns, reserve fund, etc.	900,000
Total	Y.6,000,000

Treatment Cost Per Ton Shale

Dry distillation costs	Y.1.42
Oil extracting costs	1.83
Manufacture of sulphate of ammonia	0.89
Disposal of residue shale	0.40
Total	Y.4.54

Outputs and value thereof from per ton shale (containing 8 per cent. oil to be extracted), delivered at the plant, Fushun,

	Gallon	Gallon	Value
Gasoline put out	1.53	@ Y.0.60	Y.0.900
Fuel	4.22	0.20	0.844
Gas and lighting oil	5.58	0.09	0.500
Lubricating oil	1.54	0.30	0.462
	lbs.		
Paraffin wax	0.20	0.07	1.400
Sulphate of ammonia	0.40	0.0535	2.140
Total value of outputs			Y.6.246

(Gas and fuel oil at Y.20 per ton and sulphate of ammonia at Y.120 per ton.)

The Town Hall at Fushun

Residences of the Fushun Colliery Employees

The total value of the outputs being put at Y.6.246, and the total cost of production at Y.4.540, the balance of Y.1.696 will represent the profit to be cleared from the treatment of every ton of oil shale. At the rate of 2,000 tons a day, the total annual amount to be dealt with will be 700,000 tons, bringing in the total profit of Y.1,187,200. From this profit may be deducted the sum of Y.300,000 for depreciation of the machinery and other equipment, together with the office expenses. In addition, the sum of Y.98,000 may be subtracted as the balance between the mining costs and the assets of the residue shale as a filling-up material, as mentioned later on. Thus, taking off the sum of Y.400,000, still the net profit of Y.787,000 will be left, which will give an income of slightly over 13 per cent. to the capital amount of Y.6,000,000, invested.

Then he went on to conclude that "in case of the same industry proving an economic success, fuel may be supplied at Dairen wharves to oil-driven craft, which contingency will be to the S. M. R. Co. a thing of too much significance to be passed over.

"Next, the open cut mining at Fushun collieries cannot be carried on without the preliminary stripping and necessary incidental costs, which, combined, will amount to only about half the costs for underground mining. Thus, the shale having to be stripped off in the order of things, no special price need be attached thereto. However, if considered independently, the shale mining cost, inclusive of the transportation cost to the dumping ground and the interest on the incidental costs, etc., are estimated at not more than 25 sen per ton. Now when the residue shale is to be substituted for sand now flushed into the pits, as a filling-up material, the residue will be worth 16 sen per ton in the flushing sand pockets. Now, 70 per cent. thereof consisting of the shale residue, the management will have the gratification to lay out only 12 sen per ton, instead of about 50 sen per ton of sand

hitherto in use. This will make a world of difference in favor of the management."

The Japanese have been worrying a lot over their oil supply. Their navy alone uses up about 500,000 tons of oil every year; their various steamship and other enterprises are reported to consume about 300,000 tons more. The production of the Japanese oil-field can only be mentioned in a whisper, for there is nothing about it that would encourage any loud talking. They are having more and more trouble in getting oil from America, owing to the American oil policy. It is small wonder then that Japan looks upon the success of the Fushun shale oil with something of a thrill of relief. For from that source alone she should get nearly 400,000 tons of petroleum a year if all goes well with the undertaking. Late in the summer of 1924 it was reported that the South Manchuria Railway Company was going to spend about 50,000,000 yen for the new plant and its equipments. If this be true the enterprise is to assume more than eight times the modest proportions which were in the mind of Mr. Akabane when he wrote the above-quoted article. It was reported also very recently that the whole project has received the approval of the Tokyo Government; and about the only thing to be done now is to complete the details of financing the undertaking. The South Manchuria Railway Company was reported to have laid aside 10,000,000 yen out of next year's budget as the first year's contribution for establishing the plant.

Soya bean and bean-cakes on the pier at Dairen awaiting shipment

CHAPTER XI

MANUFACTURING INDUSTRIES AND THEIR PRODUCTS

THE manufacturing industries of Manchuria live and have their being in the products of her soil. Some people go so far as to declare that the raw materials a country produces are the tyrants who decree what sort of industry she is to have. That is not always true. Though Japan produces precious little cotton of her own, she is the spinner of cotton yarns for a large part of continental Asia. In the case of Manchuria—and I presume of all countries almost without exception when their industries are in the toddling stage—the raw materials coming out of her own soil are the determining factor.

We have seen that about 5,875,000 acres of Manchuria's cultivated area are annually devoted to soya beans, whose yield is about 103-million bushels. *Yufang* is what the Chinese call their bean-oil mills. They are exceedingly popular institutions throughout Manchuria. It is really astounding how much oil the Chinese use day in and day out. In the preparation of their food they seem to depend on it more than the Japanese do on their shoyu and the Americans on butter. The bean oil goes into a hundred-and-one other things in a Chinese household outside of food. They use it for lighting, for painting houses and furniture, to make their paper umbrellas and their paper overcoats waterproof, etc. It is hard to see how on earth they ever managed to live before they had their bean patches.

In 1922 Manchuria exported through her three great ports various goods valued at a little more than 119,-

323,000 Hk. taels in all. Beans, bean-oil, and bean-cake represented Hk. taels 76,314,797 of that total. That is pretty close to two-thirds of the total exports. And the bean-oil and bean-cake covered more than 53,384,490 Hk. taels of it. By far they are the most important items of the foreign trade of Manchuria.

BEAN-OIL MILLS—YUFANG

Southern Manchuria, especially her population centers, are literally covered with *yufang*. Most of them are small in scope. The simplicity of their equipments and machinery recalls the golden days of leisure. According to the official statistical table of the Department of Agriculture and Commerce of China, there is no manufacturing industry in the whole of Manchuria which can outrank the *yufang,* either in point of number of the mills or of the men they employ. A recent table puts the number of *yufang* in the three provinces of Manchuria at 247, employing 3,880 workmen. These figures are not impressive, but they take in merely the Chinese *yufang,* and of them only those which employ more than seven men. Now by far the greater number of the native *yufang* are meant to answer the local needs of small village communities. An overwhelming majority of them employ less than seven men to do the work. Including the smaller ones employing less than seven men, the number of the mills in the Three Provinces rises to 1,616. Altogether these native mills produce about 44,213,000 kin (1 kin is equal to 1.3227 pounds) of bean-oil valued at 7,050,000 Chinese dollars. These figures of course include only the native mills, most of which are old-fashioned and of wedge-press type. Large modern bean-oil mills equipped with up-to-date machinery belong to Japanese and other foreign interests. Most of them are located at Dairen and Harbin. The port city of Dairen

is by a big margin the greatest bean-oil center of Manchuria. There were no less than eighty-two mills at the end of 1923.

The bean-oil industry differs from so many other things and enterprises in Manchuria: it is not old. It is about seventy years young. In China proper it had the history of at least a century. In Manchuria *yufang* rose in answer to the popular demand for cooking and lighting oil which other vegetable oils could not supply. Bean-cake in the early days was simply a by-product of the *yufang,* and few people thought much of it. It was good enough for cattle feed, but for nothing else. Today in all the country districts one can see the *yufang* at work precisely as they were wont to do their business some seventy-odd years ago. Let us enter into the compound of one of them. The gate is wide open; there is nobody to protest against your visit, except a mongrel upon whose troubled and pessimistic dreams your footsteps have intruded. At one side of the gate stands a small one-story building. That is the office of the *yufang.* Before you is a spacious courtyard with the matting bin full of beans, and beyond that stands a large structure. As you pass into this main building, you will see at once that it is the factory proper. It is divided into three parts.

OLD-FASHION YUFANG AND ITS METHODS

The master of the *yufang* conducting you introduces you into the first section and tells you that it is called *Nientzefang.* That is where the Manchurian soya beans take the first step in their industrial career. There the beans are crushed into thin wafers by a huge stone roller passing over a circular platform of polished granite rising from the floor. A blindfolded horse walking around the raised platform is the motive power which

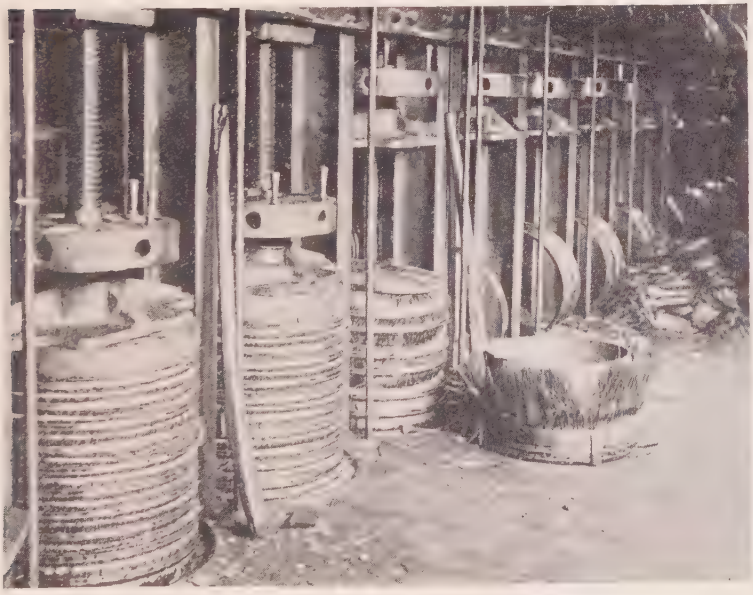
rolls the stone cylinder over the granite base upon which the beans are constantly poured from an opening in a wooden box feeder attached to the primitive crusher. The thin bean wafers are gathered into a basket.

We follow this basketful of crushed beans into the adjoining section. It is called the *kuofang.* Here the crushed beans are steamed over shallow iron pots about half full of boiling water. After some half-hour's steaming the bean wafers are ready and soft enough to be moulded. They are emptied into a bottomless wooden mold which has been fitted into two iron hoops and lined with long grasses, which are always used as the covering for beans in the press. When the steamed bean wafers are sufficiently pressed into the grass envelope, the wooden frame is lifted and the iron hoops adjusted about one inch apart on the outside of the grass covering. The workmen keep on with the same process of wrapping the steamed beans into the grass coverings one on top of another until five of the grass-covered cakes are heaped up. These are taken into the next section of the factory.

This section is called the *Chetzefang,* where the cake-heaps are loaded into a press. The press, in the days of the beginning of the industry, was made of the trunk of a huge tree made hollow in the center to admit the grass-coated steamed beans. When the hollow, about twenty-three inches in diameter, was packed with the steamed beans the upper end of the pile of bean cakes was covered with a thick stout wooden lid. The pressure is applied by driving in wooden spikes between this cover and the upper end of the hollow trunk. The oil oozes out into a tank through a narrow channel cut in the trunk.

That primitive press has been improved upon a lot now, and the press which stands before us in the *yufang* is made of four stout wooden poles firmly planted in the ground floor. At the bottom of the press is a wooden

Suzuki bean-oil mill at Dairen



Screw presses at a bean-oil mill in Dairen

board guttered all around, with a mouth leading into a subterranean tank. Upon this flat board embedded between the pairs of poles the five bean packages are heaped. The principle of pressing out the oil is exactly the same as in the old-style press made of a hollow tree-trunk. Here as in the old press the pressure is applied by means of wooden spikes driven in between the strong wooden covering on top of the stack of bean cakes and the top of the four-posted enclosure. With sufficient pressure thus applied the cakes are left for about five hours, in which time the oil slowly runs out of the cakes and down into the underground tank.

In 1896 the bean-oil industry—at least in its mechanical aspects—took a step forward. At the Port of Newchwang in that year an Englishman set up a bean-oil factory fitted with machinery made at Hongkong. There was no improvement made in the principle of the thing, but the beans were crushed into wafers between pairs of iron cylinders. Steam was used as power. The steamed bean wafers were packed into a series of iron screw presses worked by capstan bars.

COMING OF MODERN OIL MILLS

The next great step in the evolution of the bean-oil industry of Manchuria was taken immediately after the Sino-Japanese war. A Japanese bean-oil mill was established at Newchwang. It was equipped with machinery manufactured to order at Osaka. The machinery embodied the result of careful study of various cotton- and rape-seed presses in use in Japan and in Europe at the time. In this factory for the first time in the history of the bean-oil industry mechanical power displaced man-power altogether. In this Japanese mill hydraulic presses were used. The present presses in all the more advanced bean-oil mills in Manchuria are variously im-

proved types of this original hydraulic press at Newchwang.

CHEMICAL EXTRACTION METHOD

The really revolutionary change came with the introduction of the chemical extraction method which took the place of the expression method of old. The chemical experts of the South Manchuria Railway Company at Dairen had been at work for years on a new method to get more oil from the beans. The old pressing-out method yielded only 50 per cent. of the oil content of the bean. As soon as the experts perfected the extraction method the company turned it over to a private concern to exploit on a sound commercial basis. In this the South Manchuria Railway Company followed its time-honored and established policy. The establishment of Suzuki Bean-oil Mill at Dairen in September, 1915, was the result. It marked the coming of a new epoch in the bean-oil industry.

By the expression method through the presses about 12 to 12.8 pounds of oil is obtained from a *picul* (which is 133.3 pounds) of beans, and two pieces of bean cake. By the chemical extraction method Suzuki mill gets about 17½ pounds of oil and 106.7 pounds of bean meal out of the same amount of beans.

The advantage of the chemical method does not stop with the increased production of oil. It extends to the character of the bean meal as fertilizer. In the bean cake produced by the old expression method there is too much of oil left. That does not add to the virtues of the bean cake as fertilizer: on the contrary the presence of excessive oil retards its beneficial working in the soil. As cattle feed the presence of oil does not do the least good. Some farmers contend that it often causes trouble. Moreover the bean cakes out of the presses contain a

good deal of water. They cannot stand long storage. They are quicker to ferment. This is especially true when they are shipped through a tropical climate. The presence of water in the cakes makes their weight undependable, for in storage it shrinks. Add to this the time and trouble in breaking the cakes up before they can be applied as fertilizer. All these are the reasons why the bean meal produced by the chemical method commands a higher price in the Japanese market, which to-day is the chief consumer of bean cakes and meals for her rice-fields.

It should be pointed out, however, that the chemical extraction method has its disadvantages also. In the first place, it takes a much greater amount of initial capital to build a plant for the chemical extraction system than an old-style expression plant. This means tying up a greater amount of funds, which is quite a consideration in a country where the interest-rate is as high as it is in the Far Eastern money market at present. Then there is the high cost of benzine and other chemicals used in the process. Then again, the packing of bean meal for shipment costs a good deal of money. With the bean cakes there is no need of any crates or boxes: they are shipped as they leave the presses. Moreover, the amount of bean meal produced by the chemical method has a disadvantage in point of weight compared with bean cakes. It is about 6 per cent. less, which is quite a handicap in most of the Chinese markets, where the buyer is apt to look at the weight more than the quality of the fertilizer.

All things considered, there is no question of the superiority of the chemical method, however. This is more especially true in Japan, where the labor cost is high. In 1918 when the bean-oil business attained its peak in both Japan and Manchuria there were thirty-eight mills in operation in the whole of Japan. Out of

that number, twenty-three mills were fitted with the chemical extraction machinery and only fifteen used the presses. The daily consumption of beans by the twenty-three chemical mills amounted to 1,520 tons, while the fifteen mills which used the press expression method consumed among them only 745 tons of beans a day. Compare this with the bean mills in Manchuria: the contrast is nothing short of astounding. There, in the original home of bean-oil industry, there is only one mill using the chemical extraction method, Suzuki Bean-oil Mill at Dairen. All the rest are using the old expression method.

The number of Manchurian bean-oil mills at all the more or less important towns along the railways at the beginning of 1923 stood at 396. An overwhelming majority of them were in South Manchuria, along the lines of the South Manchuria Railway. The total includes also three small mills at Kirin, all under Chinese management; five mills at Tsitsihar, even smaller than those of Kirin and also owned and operated by Chinese; and twelve mills at Chengchiatun, which is the present terminus of the Ssupingkai-Chengchiatung line, all of which are also operated by Chinese. Moreover, the above total takes in the mills at Harbin, some of which are really important. There were thirty-eight bean-oil mills in that great distributing center of North Manchuria at the beginning of 1923, all but two of which were operated by Chinese, the other two being under Russian management. Out of this total of 396 mills, only twenty-nine were owned by Japanese. Russians owned only the two in Harbin just mentioned. All the rest belonged to Chinese. It so happened, however, that the Japanese and the Russian mills were the largest and of the modern type.

Practically all the more important mills of Manchuria have been established since 1908, within the last fifteen years. Take the case of Dairen, which holds undisputed leadership among the bean-oil centers of all the world.

There was not a single solitary bean mill, not even a hand-worked *yufang* there until December, 1906. The year 1908 was an epochal one in the story of Manchurian bean mills. In that single year at Dairen more than fourteen mills were established; and some of them, including the Sino-Japanese enterprise backed by the Mitsui interest, were very large and important. All of which is another way of saying that the bean-mill business is still in its swaddling clothes. Nothing points this out more clearly than the single fact that the industrial exploitation of soya beans is largely confined to the manufacture of bean oil and bean cakes. It has not even extended to the manufacture of soap to any large extent. European importers of bean oil from Manchuria are returning it to Manchuria and to other Far Eastern markets as soap. The oil itself is shipped out in the crudest sort of condition. All this is bound to change—and very soon. It is interesting to see the different channels into which the Manchuria bean oil enters after it lands in America and Europe. At first, before the War, its chief use was for the manufacture of soap; then, secondly, of paints; and, thirdly, of food articles. To-day the order has been transposed: the oil is chiefly used for the manufacture of food articles, then for paints, and last of all for soap.

FLOUR MILLING

Flour mills are not so far behind bean-oil mills in Manchuria. As far as the number of *mofang,* as the Chinese call the small native flour mills of their own, are concerned, they outnumber the *yufang,* in fact. It takes less capital to open a *mofang* than a *yufang*, for one thing. The mills equipped with modern machinery and operating on a large scale, however, are not as many as the great oil mills there. In Manchuria there are forty-

five of these large modern flour mills, whose annual production capacity is upward of 19,035,000 bags of flour. They command the total capital of more than 60,000,000 yen. These flour mills, together with the small native *mofang,* of which there are more than 2,000 scattered all over the interior, use up more than 29,000,000 bushels of wheat every year.

The soil of the valleys of the Nonni, the Sungari, and the Hulan in North Manchuria is black loam and it goes down to the depth of five to six feet. It is entirely different from the sandy soil of some sections of South Manchuria. It is in these spacious valleys of dark loam that the wheat reigns supreme. It should be noted, however, that wheat-cultivation in Manchuria is not as sound an agricultural venture as the bean crop. The wheat-grower in North Manchuria is apt to suffer many a heartache as he plays his game against drought and flood season after season. The crop of 1922, for example, was estimated at not more than 30 per cent. of normal.

HARBIN THE CENTER OF FLOUR MILLS

The story of the modern flour-milling industry in Manchuria goes back no further than 1902. Russians in that year built three mills at Harbin. Decidedly, it was the most logical spot to plant them. The City of Harbin stands at the point where the Chinese Eastern Railway crosses the Sungari, in the very heart and center of the wheat belt of North Manchuria. The demand created by the great army which Russia centered at Harbin in the days of the Russo-Japanese War in 1904-05 gave the flour mills, along with the rest of the budding industrial enterprises there a tremendous boom. The number of mills increased to sixteen almost over night. The post-war depression dealt the industry a staggering blow. Under it many of the new mills which had come up like

A flour mill at Kirin

A mill of the Manchuria Flour Milling Company, one of Japanese owned and operated mills in Manchuria

"the bamboo sprouts after the Spring shower" disappeared pretty nearly as quickly as they appeared. Some of them held on grimly, however, by extending their markets into Russian Siberia. In March, 1909, Russia struck the milling interest in Harbin another deadly blow. In that month Russia did away with the free-trade provision for the Railway Zone in Manchuria. From that time on all the Manchurian flour entering Russian Siberia had to pay the heavy duty of 45 kopeks per pood. As if that were not unkindly enough, the Chinese Eastern Railway raised its freight rate. At the same time the Russian Government gave all possible facilities to the Russian enterprises in the Railway Zone along the Chinese Eastern Railway to move their plants and machinery into some portions of Russian territory. With the idea of practically compelling the Russian industrial plants to conform to this policy, the Russian Government in January, 1913, abolished the free-trade zone of fifty versts along the Russo-Chinese boundary line. It did seem as if that were *finis* for the Russian flour mills at Harbin.

There was another development coming to flower along about the same time, however, which gave a rosy outlook to the wheat-flour-milling business in North Manchuria. It was the sudden and tremendous increase of population in North Manchuria—many thousands of whom were wheat-flour-consuming Russians. Then, also, the standard of living among the Chinese population was steadily rising. Many of them wanted more than kaoliang and millet for dinner. They had the purchasing power to get a much better grade of wheat flour than their native *mofang* could afford them. In this manner the increase of local demand for the products of large modern mills gradually took the place of the Siberian demand, and kept many of the Harbin mills from going under. The coming of the Great War handed the flour mills of Harbin a golden present which they had never dared to dream of.

EFFECT OF RUSSIAN POLICY ON HARBIN MILLS

The chaos which followed the Bolshevik Revolution in Russia, however, gave a terrific shock to the Russian enterprises along the Chinese Eastern Railway in North Manchuria. The flour-milling industry suffered from it of course. That they have weathered the storm and in handsome style shows how healthy and firm their economic foundations have become since the days of their early struggle. The milling industry reached the top of its prosperity toward the close of 1919 and in the first part of 1920. By that time the number of flour mills increased to twenty-three in the city of Harbin alone, and in addition to them there arose nine factories along the line of railway. This was due to the exceptionally fine harvest Manchuria enjoyed that year, coupled with the shortage of wheat in the United States and other wheat-growing and exporting countries. That resulted in the high price for flour the world over. In 1920 Manchurian wheat was shipped out through the one port of Dairen to the extent of 439,140 tons or 6,660,945 piculs, valued at over 22,247,500 Hk. taels. It was a record figure: nothing even approaching it had ever been known before or has been since. How sensational it all was can be readily seen from the fact that the export figure of the same grain from the same port in 1922 amounted to less than 149,510 piculs (a picul is 133.3 pounds) valued at less than 522,390 Hk. taels. Quite a contrast, that; and to make the contrast still more dramatic, in that same year, 1922, Manchuria imported from abroad, through her three chief ports of Dairen, Antung, and Newchwang, 1,421,918 piculs of wheat flour, which represents more than 125,000 tons of wheat.

The interesting thing about the above-recounted importation of flour into Manchuria is the fact that, out of

the 1,421,000 piculs which went into Manchuria in that year, American flour accounted for more than 873,400 piculs of the value of 4,238,690 Hk. taels. The wheat-crop condition of North Manchuria, therefore, has a direct and immediate effect on the American flour export to the Far East. As long as her wheat crop continues normal Manchuria should have all the grain and flour she needs. Her normal production of wheat is usually placed at about 42,500,000 bushels. That is nearly 10,000,000 bushels more than the Japanese yield in the record year 1917. That is a few million bushels more than Minnesota's 1920 crop. Out of this amount forty-five large flour mills in Manchuria would consume about 29,000,000 bushels, and some 2,000 native *mofang* would take about 1,500,000 bushels more, making the total of 30,500,000 bushels for flour-milling purposes. Then about 4,000,000 bushels would be reserved for seed. That would give Manchuria a surplus of 8,000,000 bushels. Supposing the farmers would use up some 2,000,000 bushels more for various purposes at home, it still leaves something like six million bushels for export if market conditions happen to be right.

As the wheat acreage in North Manchuria is increasing at a great pace, one would suppose that she is to be quite a factor as an exporter of wheat. The cold statistical figures, however, do not seem to say so at all. Since she reached the sensational peak of 1920, when as we have noted her export amounted to 439,410 tons, her wheat export has been going down hill—and very fast. In 1921 the amount fell to 229,820, and in 1922 it was merely 9,960 tons. Exceptionally bad wheat crops in Manchuria are the outstanding answer for this extraordinary showing. That and also the conditions of the world wheat market. One thing is certain: it was not due to excessive increase of the Manchurian flour mills or of

their activities. When I was in Harbin last year practically all of the flour mills were closed down except two which belonged to General Chang of Mukden.

CHINESE IN MILLING BUSINESS

Of the twenty-three large modern mills in Harbin no less than fourteen belong to Chinese interests. That is significant. In the early days the Chinese worked only those antediluvian toys run by donkey power which they called *mofang*. Russians and Japanese used to poke fun at them. Meanwhile wheat consumption among the Chinese developed at an eye-opening pace. With the tremendous increase of the Chinese demand for wheat diet, the number of Russian mills did not increase. What happened was that some of them passed into the hands of Chinese. In the South the Japanese woke up to the possibility of the flouring-mill industry in Manchuria and set up large mills equipped with modern machinery; but they did not invade the center of the Manchurian wheat belt with any éclat. To-day the Russians who started the milling business in Harbin with no less than three modern mills in 1902 have only four. And even of the four, two are reported to be joint enterprises between Chinese and Russian interests. There are three Japanese-managed and controlled mills at Harbin. In addition there is still another mill which is operated jointly by Japanese and Russian interests. Of the nine modern mills along the Chinese Eastern Railway all but one belong to Chinese and are under their management.

As soon as the purchasing power of the Chinese increased and their standard of life rose South Manchuria became an excellent field for the establishment of flour mills. In 1913 the first modern mill was established in Changchun. There are six of them there now with the daily capacity of about 800,000 pounds. At Kuang-

chengtze, which can be treated as a part of Changchun, there are three more with the daily capacity of 162,000 pounds of flour. The cities of Dairen, Kirin, Mukden, Kaiyuan, and Tiehling have one large mill each; especially the one at Tiehling has been talked about a lot. These mills in South Manchuria have the combined daily capacity of 69,850 bags of fifty pounds each. One trouble with South Manchuria as a flour market is that it is constantly under the invasion of imported flour. The flour mills there must ever be prepared to compete with the fine quality of American flour, which sells there at a very reasonable price whenever the price of wheat is low in the international market.

DISTILLERIES

The third of the "Big Three" of Manchurian industries is the manufacture of the kaoliang liquor which the natives love under the name of *shaochiu,* the burning liquor (the samshu of English writers). It is an important and very extensive industry among the Chinese in Manchuria. According to Chinese official reports, its annual production is something like half a billion pounds (in China liquid is usually sold by weight) and has the value of about sixty million Chinese dollars. Most of this fabulous annual output comes from small plants which the Chinese call *shaokuo,* scattered, much after the manner of the old-fashioned *yufang,* all over the interior of Manchuria. It was toward the close of the Seventeenth Century—so goes the oral tradition there—that the superabundance of the kaoliang in the hands of the Chinese farmer immigrants from Shantung and Chihli Provinces began to take this form of liquid curse. It has a scent and flavor all its own, prized by its devotees but rather offensive to a foreign sense of smell. It is as strong as its name, containing about 65 per cent. of

alcohol. The manufacture of the kaoliang liquor calls for a much larger capital than a *yufang* or a *mofang* of local Chinese scope. The establishment of an ordinary *shaochiu* distillery takes about 30,000 Chinese dollars. Only comparatively large capitalists among the Chinese can engage in this business. In many cases the distilleries are conducted in connection with another enterprise of kindred nature.

The commodity produced by this branch of industry is of comparatively minor importance as far as the outside world is concerned. It is entirely and emphatically Chinese in demand. Some of the Japanese in Manchuria have entered the field; and there is quite a number of kaoliang liquor distilleries established in South Manchuria as joint enterprises of Chinese and Japanese capitalists.

SALT MANUFACTURE

Manufacture of salt is quite an industry in South Manchuria. The sun and the tide are the only things the Chinese need for the manufacture of salt. This natural method was first introduced to China—so the story goes—by a Roman Catholic priest some time in the reign of Emperor Kanghsi (1662-1723). Salt gardens were established by imperial edicts along the coast of the Chihli Province: the Emperor wished to popularize the method of producing salt out of sea water among his people in maritime provinces. The result was that this simple method of manufacturing one of the fundamental necessities of life gained favor among millions of Chinese in seaside towns and villages. This was especially true with the people along the shores of the Gulf of Liaotung. Over the gulf and over the Yellow Sea dry weather prevails for a greater part of the year than elsewhere. There evaporation goes on steadily and rapidly, with the

Salt fields at Pulantien in the Kwantung Leased Territory

Natural salt of Mongolia being transported to market for shipment

result that the sea in this section is admirably fitted for the manufacture of salt through the sun's heat.

In South Manchuria the first attempt at the production of salt was made in 1862—just one year after Yingkou, the first treaty port in all Manchuria, was opened to foreign trade. To-day all along the shores of the Liaotung Peninsula extensive salt-fields are one of the striking sights which attract the eyes of a traveler. Fuchou, Kaiping, Yingkou, Pangshan, Hsiaotaotze, are all famous for their salt-fields. In 1919 the salt-production from this district amounted to more than 409,875,000 pounds. The salt is never exported anywhere. Its sales are confined to the Eastern Three Provinces of Manchuria and to Jehol District. The exportation of salt is prohibited by law, to keep the price of this vital commodity at a reasonably low level. The size and shape of salt-gardens differ considerably in every locality. Those in the Kwantung Leased Territory are from 5 to 100 acres.

OTHER INDUSTRIES

Silk filatures in Manchuria are centered in Mukden Province. There are thirty-seven of them employing more than 4,850 workers. Various textile mills and clothing factories in Manchuria number 274 with nearly 9,300 workers. Machine shops and various metal-working establishments number 356, employing more than 4,500 workers. Of this number 190 factories employing more than 2,550 workmen are located in Mukden Province.

Chemical industry in its various phases, including oil, dye-stuff, paper, earthen-ware, leather, and glass-factories, is represented by 503 plants (exclusive, of course, of all the minor native *yufang* of small scope), giving employment to more than 10,330 people.

There are 556 factories engaged in producing various

food products in Manchuria—counting here only larger establishments—with more than 12,000 people working at them. There are some 312 other factories engaged in the production of articles made of precious stones, of bamboo and wood, from animal skins, and also in printing and publishing. These employ more than 4,340 people. All these are Chinese establishments outside of the Kwantung Leased Territory.

Naturally the industrial activities of Manchuria to-day are centered and packed in the small section at the tip end of the Liaotung Peninsula, the Kwantung Leased Territory. Nothing tells more eloquently the story of the constructive activity of the Japanese in Manchuria than the facts presented below in connection with the industrial establishments clustering about the port of Dairen:

There are sixty-two iron-works capitalized at more than 13,476,800 yen and employing more than 2,600 Japanese and 3,710 Chinese workmen. Their total annual products are valued at more than 31,114,600 yen.

There are seventy-seven bean-oil mills with the total capitalization of more than 3,952,300 yen, whose total annual production of oil is valued at upward of 37,266,000 yen and whose bean cakes bring in more than 82,728,000 yen.

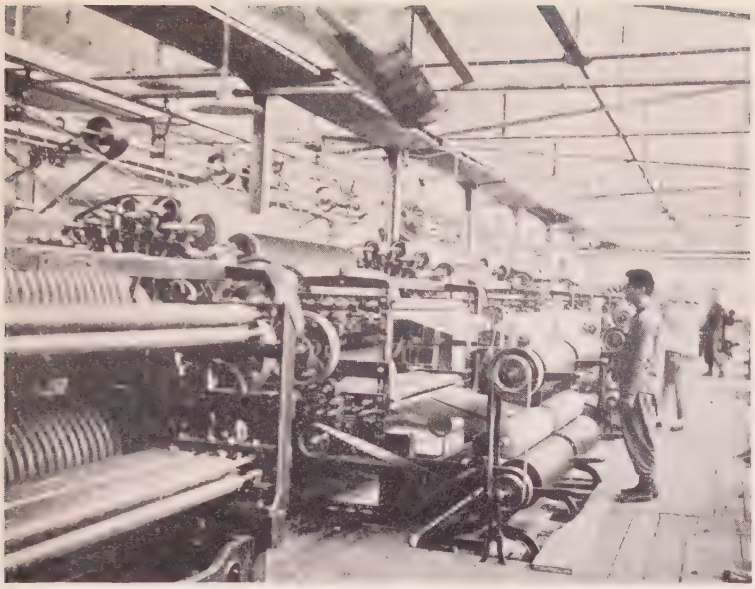
There are three cement works, whose total annual output is valued at more than 1,745,000 yen.

There are four shipbuilding plants with the total capital of more than 20,000,000 yen.

There are ten printing establishments, whose total business amounts to more than 2,667,000 yen.

There are five paint and chemical manufacturing plants, with the total capital of more than 3,853,000 yen.

There are fifty-one brick-yards and tile-manufacturing plants, with the total capital of 2,762,000 yen.



Interior of the factory of the Manchuria-Mongolia Woolen Mills at Mukden

Finishing Department of the Manchuria-Mongolia woolen mills at Mukden

There are six lumber-yards with the total capital of more than 2,000,000 yen.

There are five soap factories producing annually nearly half a million yen's worth of goods.

Three electrical fittings and implements manufacturing plants are capitalized at more than 1,500,000 yen.

Five cake and candy factories produce annually nearly half a million yen's worth of goods.

There are eleven wine and liquor manufacturing plants.

There are twelve car and wagon factories.

Altogether, there are 294 manufacturing plants with the capital of more than 66,416,700 yen. They employ more than 800,000 people, and their total annual products are valued at more than 163,421,000 yen. All these are within 1,203 square miles of the leanest section of Manchuria—in other words within less than seven-thousandths of the total area of Manchuria.

CHAPTER XII

TRADE ROUTES AND TRANSPORTATION

We saw how the farmer immigrants from Shantung and from Chihli made their entry into Manchuria up along the valley of the Liao River from time out of mind. We have seen how these Chinese managed to smuggle themselves into the Land of Nucheng in spite of all the rigor of the exclusion policy of the Manchu Court at Peking since 1644. We have seen also how the ginseng-hunters stole in at the mouth of the Yalu and up the river along the Chosen border into the depths of the Changpai ranges, even while the Chinese farmers were beating the exclusion laws of their Manchu masters up the Liao.

Trade did not follow the flag in Manchuria. It followed in the muddy footsteps of the farm coolies from Shantung, up along the waters of the Liao in the west. It followed the stealthy march of the ginseng-smugglers and placer miners up the Yalu in eastern Manchuria. Whenever farm coolies from Shantung gathered themselves together into a string of villages in the rich valley of the Liao or outlaw ginseng-gatherers settled in a far district on the Chosen border there followed Chinese merchants, who bought the products of the soil and handled the shipments of ginseng for the ports of Shantung and of the South.

THE LIAO RIVER

So the Liao became the first great trade route of Manchuria on the west, and the Yalu followed it closely on the east.

The Liao is navigable up to Chengchiatun on the West Liao; and Chengchiatun, also called Liaoyuen, the present terminus of the Chengchiatun-Ssupingkai railway, is 536 miles from the port of Yingkou and therefore 550 miles from the mouth of the river. The River Taitze and the Hunho, the two main branches of the Liao, are both navigable—140 miles on the Taitze and 143 on the Hun River. That is 833 miles of navigable distance on the Liao system. The Liao is not quite as admirable as all this sounds. It is shallow, so shallow that only native junks drawing not more than a couple of feet can make the distance. It freezes up tight for four months at least out of twelve. Because the Liao rises in and washes a vast stretch of the steppes of Eastern Inner Mongolia the tremendous amount of silt which it is constantly washing down toward the sea makes its bed about as fickle as that of the Mississippi of Mark Twain's famous pages. Unless under exceptionally favorable conditions in the summer months, when the current is at its full flood, the boatmen never dream of such a wreckless adventure as sailing on it through the night. It takes more than fifteen days from Chengchiatun to Yingkou, downstream, and more than nineteen days back from Yingkou to Chengchiatun against the current. It can be seen at once, therefore, that it is no Yangtze which can float an ocean-going steamer 600 miles up to Hankow. Nevertheless, the Liao has been quite as important to the development of South Manchuria and to the story of her transportation as the Yangtze has been to those of China's Central Provinces.

In the first place, there was no other way open into the heart of southwestern Manchuria and Eastern Inner Mongolia but the Liao. And this state of things had prevailed for centuries upon centuries, from pre-historic times until the Russians came down and built the present South Manchuria Railway line to Port Arthur. There

were no roads. There are nothing of the sort in this year of grace 1924—unless you choose to call such those endless tortuous flows of mud in which, all through the rainy months of summer, mule carts flounder and literally drown whenever they are foolhardly enough to essay a trip overland in that season of the year. In the winter all these winding creeks of mud freeze solid. It is then, and only then, that freight moves overland. Even at that season land transportation is strictly limited to the shortest possible haul to a depot on the bank of the Liao, where the freight is collected all through the winter months, waiting for the opening of the river in the closing days of March. This explains the reason why the Liao played such an important rôle in the development of the richest section of Manchuria. In 1899 the British Consul at Yingkou estimated the number of boats engaged in the Liao traffic at 20,000. No amount of color or rhetoric can bring out better the vital importance of the Liao as a trade artery than this single figure. The majority of these junks ranged from six to eighteen tons in their cargo capacity. There were a number of larger two-masted boats, which the Chinese called *pochuang,* despatch boats, with the cargo-carrying capacity of forty tons. In the season of high water these two-masted junks went as far as sixty miles up the stream, but in other seasons they plied between Yingkou and Tiengtuantai, the distance of about twenty miles.

The Treaty of Tientsin of 1858 opened the port of Newchwang to foreign trade. In 1861 the British established a consulate at Yingkou under the name of "Newchwang Consulate." It was the only seaport opened to international trade in all Manchuria. From then on the Liao entered the period of its greatest glory and activity. The Yingkou of those days is described in a publication issued by the Maritime Customs of China in the following glowing terms:

River-front at Yingkou—showing a typical river-steamer

Manchurian driver negotiating perhaps the worst road in creation with his team of seven mules and three horses without a bit or a rein

"River junks capable of carrying forty tons of grain, and drawing four feet, brought the beans down the Liao and loaded them into the great sea-going junks which, with cargoes of 100 tons and more, set sail for the coast ports of the southern provinces. The sugar plantations in the subtropical regions had for centuries drawn upon the northern bean cake for fertilizing, and beans were needed also for the southern mills where their oil was extracted and used as a substitute for ground-nut oil. . . . In 1864 the import of beans from Newchwang to Swatow had risen to more than double that of four years previously. . . . In 1861, the first year in the port's history, only thirty-four foreign ships visited Newchwang, but four years later 271—most of which were engaged in the pulse trade—entered and cleared. The diversion of the carrying trade from junks to the speedier sailing vessels or even steamers, under foreign flags, caused consternation among the owners of the native craft, and efforts were made to revive the prohibitory enactments; but without success, and in 1869 the prohibition till then in force against exportation [of pulse and bean cakes in British vessels] to foreign ports was withdrawn."

In 1899 more than 550,700 tons of beans, bean cakes and bean oil were exported from the Port of Yingkou. But this amount was carried off in foreign-type vessels. In addition to this, in the same year and from the same port no less than 1,200 junks cleared laden with at least 72,000 tons of beans and other grains, of which beans amounted to at least 30,000. This would make 580,700 tons of beans and bean cakes and oil. Not a single ton of this amount came down to Yingkou by rail; practically all of it came down the Liao. Now compare this figure with the total exports of beans and bean cakes and oil out of the Port of Dairen in the year 1908, and we shall begin to glimpse the meaning of what an astounding amount of Manchurian trade was coursing down the

Great Liao. In 1908 Dairen exported 485,570 tons of beans, bean cake and bean oil. In other words, the amount of beans and their products which came down the Liao in 1899 was bigger by nearly 100,000 tons than the export trade of the great port of Dairen in the same commodities, after more than ten years' steady progress in both the production of beans and in the export of the pulse from Manchuria.

The beans, bean cakes, and bean oil which came down the Liao to be shipped out of the Port of Yingkou in 1899 amounted in value to 16,685,792 Haikwan taels, or more than $12,555,000. The total exports of the port for the year were valued at more than 25,138,800 Haikwan taels, or more than $18,915,000. To put it in another way, the Manchurian bean and its products represented nearly two-thirds of the entire export value of Manchuria through Yingkou for that year.

But the Yingkou of to-day is not the Yingkou of the closing days of the Nineteenth Century. The great Port of Dairen has risen from forty-second to the rank of second among all the continental ports of China in these years. The South Manchuria Railway has taken away a large amount of the bean and grain shipments from the Liao. The building of the Ssupingkai-Chengchiatun line took a greater portion of the outward and inward trade of Eastern Inner Mongolia. The two-mile sandbar at the mouth of the Liao caused by the great flood of 1911 has added to the sorrows of Yingkou as a great port; and the advantage of Dairen being open all the year round has done much in enticing the ships away from Yingkou. The result of all this is but too painfully apparent in the decrease of both the junk and foreign-style tonnage entering and clearing at Yingkou. The 20,000 junks which floated upon the Liao in 1899 have gone their separate ways until there are less than 3,000 of them to-day. Nevertheless it takes the temerity of a sophomore to pro-

nounce a funeral oration over the departing glories of the port of Yingkou. For in spite of all the unkindly blows from fate and from the hands of railway-builders, the tonnage figures of Yingkou for 1922 show 153 ships of the total tonnage of 167,095 engaged in foreign trade, and 933 ships of the total tonnage of 828,752 in coastal trade. Her total import, export, and coastal trade amounted in value to no less than 59,505,820 Hk. taels that year.

THE YALU RIVER

The Yalu, as we saw in Chapter II, rises in the Changpai range, flows southwesterly, marking Manchuria from Chosen, and finally empties into the Bay of Chosen. Its 500-mile course is even more unkindly to navigation than that of the Liao. The lightest possible Chinese junks alone can hope to reach Maoerhshan, 270 miles from its mouth. Unlike the Liao, its current is swift at many places, making it much more trying to negotiate by anything but rafts. It has all the disadvantages of the Liao in winter time, only they are aggravated. It closes up solid for at least four months every year with ice. In summer time, in the months of July and August, it has an evil reputation among the boatmen for violent and wicked floods. In autumn its waters fall so low that it becomes one continuous flow of boatmen's curses.

With all its sins, the Yalu is even in these advanced days of ours the one and only artery of transportation for the entire section of Manchuria it drains. In its upper reaches the country is so mountainous that the only means of transporting any freight at all is on the backs of pack horses or of patient coolies; and that is slower and more precarious and expensive than wrestling with the swift currents of the Yalu. In the plains overland transport by cart cannot compete with the Yalu water-

way, which is incomparably cheaper. It so happens also that the chief, almost the only, freight that comes down the river is timber, for which the Yalu is famous throughout the Far East. For this commodity the stream is navigable for a considerable distance above Maoerhshan. By the time the river reaches Maoerhshan, however, it has annexed more than twenty-four streamlets from the Manchurian side and four fairly good-sized mountain currents from the Chosen side; and as a natural result the river takes on the aspects of an avenue through which commerce might be persuaded to parade. Moreover its gradient becomes gentler. From this point on the size of the lumber rafts is doubled. Boats with a cargo capacity of 35 piculs make this point regularly in the open season. From where the waters of the Hunkiang flow into the Yalu the river becomes much wider and deeper. From old Wiji on down to its mouth, where it is so wide that one can hardly tell where the Yalu ends and the sea begins, the river presents the aspects of a great trade route.

The commonest boats on the Yalu are light junks called *tsaotze,* carrying from 40 to 130 piculs. When they go up the stream they are loaded lightly as the usual thing, having only the sail and the sculls to work their way up the stream, which is not at all a simple task on the Yalu. On their way downstream they carry full cargo whenever the volume of water permits them to do so. These junks rarely sail below Antung; they ply back and forth between Antung and the points up the river, going as far up as Maoerhshan at times.

PORT OF ANTUNG

The Port of Antung stands some thirty miles from the old port of Tatungkou at the mouth of the Yalu. It holds a position in relation to the Yalu similar to

that of the port of Yingkou with the Liao. In the days of Emperor Tungchi (1862-1874 A.D.) a steady stream of fishermen and ginseng-hunters from Shantung came trickling into this section on the Yalu. They came here on the same outward tide of migration which peopled the valley of the Liao as we have seen. Soon the town of Shahotzu sprang up. That is the old town of Antung of to-day. It went on expanding until in 1876 the Chinese Government saw the wisdom of establishing in this old town a District Office and called it Antung-hsien. From that point on the development of the port was exceedingly rapid. Not long after that the exploitation of Yalu timber began to attract the attention of foreigners and Chinese alike. Antung was opened to foreign trade and residence through a commercial treaty between the United States and China that was signed on October 8th, 1903, and came into force on January 13th, 1904, when ratifications were exchanged at Washington.

After the Russo-Japanese War of 1904-5 the complexion of the port of Antung completely changed, though up-river transportation facilities and conditions on the Yalu have not much changed since the days of Tungchi. Only, of course, there is a tremendous increase of the lumber rafts. Those that come thundering down the river these days were entirely beyond the wildest imaginings of half a century ago. It is true also that when the Japanese came into this section of Manchuria following the Russian war, and took over the timber trade in connection with the Chinese, they tried quite a number of new types of boats on the Yalu. One of them was a Japanese boat which had been used with success on swift streams in Japan like the River Fuji. This type of boat proved effective in a marked degree. It succeeded in navigating the river far beyond Maoerhshan, going up as far as Keizanchin. The great Yalu Timber Company, the scope and activity of which we described

at length in Chapter I, also tried a very light river steamer, a curious-looking craft which had the appearance of a couple of flat-bottomed torpedo boats joined together. It drew less than fifteen inches of water and had a speed of ten knots. It was a success for a short distance up the stream but evidently was not profitable for a long stretch of the river.

THE SUNGARI

The Sungari is quite different from both the Liao and the Yalu, as we noted in Chapter II. Of the entire length of the stream from its sources in the Changpai ranges to where it joins the Amur, more than 1,130 miles, all but about sixty miles in its upper reaches is navigable by junks and river steamers of light draft. As a trade route it is far from attaining the importance of the Liao. It cannot be compared even with the Yalu. It flows northward toward the arctic sea, while trade and population came into Manchuria from the south. That of course is the chief reason why the stately flow of the Sungari does not loom as impressively as the less-favored streams which empty into the southern seas upon whose shores stand the populous consuming ports of South China. Only eleven of all the Districts of Kirin and Amur Provinces which it waters are any way developed even to this day. That takes in hardly one half the territory through which it flows. The rest of the region—that is to say the greater portion of its valley—is covered with forest areas and virgin steppes all innocent of the plough.

Yet the story of the Sungari as a trade route is by no means brief. As early as 1658 the Chinese Government built on its bank some forty fighting ships to meet the invasion of the Russians from the north. That spot was called "Chuang-chang"—which means a ship-build-

The river front at Harbin, with a Sungari river steamer

Iron Bridge over the Sungari River

ing yard. Chuangchang was the name by which the present City of Kirin was known for years down to 1750. In that year the military government of the Province was transferred from Ninguta to Chuangchang, the place was rechristened Chilin-wula, or the "River of Chilin"; and the military Governor called himself the General of Chilin. Later the "wula," which is a Mongolian word for river, was dropped, and the city has come to be known simply as Chilin or Kirin. It was in those days following the establishment of the headquarters for the military governor that the city was dignified by the wall around it.

All through the wooded mountain valleys down to the City of Kirin the Sungari is fit only for shooting rafts of timber. That section, as we have already seen, is one of the richest timber-producing regions in South Manchuria. At Kirin the great river enters the career of a trade route. Between Kirin and Taolaichao, down the stream, is a stretch of about 124 miles. Here the river attains the depth of from two and a half to nine feet and the width of about two-thirds of a mile at places. Light river steamers of less than two and a half feet of draught can make this course, but it takes an extreme degree of care and watchfulness. The current is swift, and the bottom of the river is treacherous. The steamer even of the lightest type does not dare to navigate it at night. Over this section it is common practice with river steamers to have barges with them for the purpose of unloading such extra cargo as it may be necessary to shift to make some of the more difficult passages along the course. For in this section of 124 miles there are no less than forty-odd shoals. For some distance down the stream from Kirin mountain spurs pile down along the left bank of the river; but with that exception it flows through open and well-cultivated fields. The extent and degree of development of this section

of the country are apt to strike a traveler with a decided sense of surprise. The farther he floats down the stream the more does he note the sandy character of the level soil. The river becomes extensive and shows the tendency of wandering loose in several directions, so much so that it is difficult to say which is the main stream and which the branches.

From Taolaichao the Sungari makes its way steadily westward toward the eastern skirts of the wide-flung steppes of Eastern Inner Mongolia. The river remains about as deep and wide as it has been for some miles above Taolaichao, depth from two to eight feet; and it widens at some points to about a mile. All along the northern bank the cultivated fields, dotted here and there with farming villages, stretch level to the horizon. On the southern bank, with the exception of about three Districts, the land presents the aspects of a Mongolian steppe, entirely virgin. Between Taolaichao and Petuna is a length of about 101 miles, where as one proceeds toward Petuna he views a great open stretch of excellent grazing-ground in the rolling plain covered with grass. Many herds of sheep and cattle are seen over the vast country. As for the river, it becomes more and more trying to negotiate as it opens out into the steppe country. It loses its depth as the result of constantly dividing itself into innumerable branches and spreading over the level plain at the least excuse. As if that were not enough, the Itung River, which flows into the Sungari not far from Taolaichao, brings along with it a constant flow of silt. It makes the river-bed shallow and everlastingly shifting.

Between Petuna and Harbin there are 172 miles of the river's course. Here the Sungari takes on an entirely different aspect in its rôle of a trade route. Less than twelve miles below Petuna the Sungari adds unto itself the greatest of its tributaries, the Nonni. This brings

about a sudden and tremendous increase in the volume of water in the river course. It becomes four and a half to nine feet deep. Its current rolls with majestic grace at greater leisure. From this point on it is no trouble for river steamers to make their way through all the hours of night.

From the City of Harbin the Sungari flows 434 miles to the point where it joins the Amur. All along this long course it maintains the depth of about four and a half to nine feet. It flows through level and fertile plain, with the exception of two mountainous sections: one between Mulan and Sansing, some 105 miles down the stream from Harbin, where the spurs of the Changkwansai overshadow its right bank for about 106 miles, and another section about thirty-three miles below Sansing. This valley has been developing at so sensational a pace that its production of pulse and grains has been the talk of recent years.

The development of the past ten years seems to spell a singular story—the story of the Sungari taking the place of the Liao as the premier river trade route of Manchuria. Shipments up and down the Liao have been steadily declining with the building of the South Manchuria Railway since the early days of the Twentieth Century, and through the same years the fruitful valley of the Sungari seems suddenly to have waked into harvest.

The agricultural products of the valley of the Sungari are estimated at about 6,612,000 tons, composed of 1,264,000 tons of kaoliang, 902,000 tons of soya beans, 361,000 tons of wheat, 271,000 tons of barley, about the same amount of millet, and other grains to the amount of 542,000 tons. It is a mere question of time when all this output will find its way to the central market of Harbin. Perhaps the largest interrogation point in the situation at present is just when will the

Chinese Eastern Railway recover its efficiency as a carrier. As soon as that line returns to full function then all these products of the Sungari plain will find their way to Harbin to be distributed from that point east to Vladivostok or south to Dairen or westward into Siberia through Manchuli. Even under the present disturbed condition it is said that 400,000 tons of soya beans, 180,000 tons of wheat, 72,000 tons of other grains, 652,000 tons in all, are finding their way out annually through Harbin into foreign markets.

The commonest type of boat used on the Sungari is the native junk built along similar lines to the junks afloat on the Liao. They are all fitted with sails and have cargo capacity of from 20 to 200 tons. The Chinese Eastern Railway Company owns and controls a large tonnage on the Sungari. Its flotilla is made up of twelve river steamers, five tugs, and thirty iron barges. Their total loading capacity is about 25,000 tons. It is reported that the total number of river steamers on the Sungari to-day is close to 100. Most of them have been brought down to the Sungari from the Amur by their owners, who had fled from the Bolshevik régime. A Chinese semi-governmental shipping company called Wutung Company is reported to have twenty-six river steamers on the Sungari, of which ten are of wood and sixteen of iron and steel. They range from 131 to 1,307 tons. Three are above 1,000 tons each, and the total tonnage of the twenty-six boats amounts to 12,591.

NO CANALS IN MANCHURIA

China built her Grand Canals in the days of the Sui Dynasty (589-618 A.D.). The Erie Canal, the greatest work of the kind in the United States, was completed in 1825. In 1850 the United States had 3,700 miles of canals. The history of transportation in Manchuria

is entirely innocent of canals. This form of water transportation, which proved both in China Proper and in the United States the cheapest means of transportation, never received even serious consideration in Manchuria.

There is a reason for this, all-sufficient and very simple: industrial Manchuria did not climb the ladder of evolution. An outsider came along, took her by the nape of the neck, and rushed her over from the river-transportation age right into the railway age, skipping all the intermediate stages. Down to 1899, when the Liao was in all its glory, Manchuria was a simple agricultural state of a rather primitive type. Then suddenly in the most arbitrary and artificial manner imaginable, through the political adventure of Russia, an advanced form of transportation utterly foreign to her economic constitution was imposed on her while she sat dazed and speechless.

RAILWAYS

In Manchuria there are 2,234 miles of railway built and in operation to-day. This includes branch lines and light railways to Tsitsihar and at Penhsihu, as follows:

Chinese Eastern Railway,	
Main line from Manchuli to Pogranichnaia	920 miles
Branch line from Harbin to Kuanchengtze	147 miles
South Manchuria Railway,	
Main line from Dairen to Changchun	438 miles
Branch lines	87 miles
Antung-Mukden line	161 miles
Changchun-Kirin Railway	79 miles
Ssupingkai-Chengchiatun Railway	53 miles

Peking-Mukden line,	
Main line from Mukden to Shanhaikuan	260 miles
Yingkou branch	57 miles
Tsitsihar branch line	18 miles
Penhsihu branch line	14 miles
Total	2,234 miles

The story of the South Manchuria Railway has already been told at some length. To the story of the Chinese Eastern line given in a former chapter we may add the following interesting facts from one of the recent publications of the Company issued at Harbin:

In the first part of 1923 the Chinese Eastern Railway owned 536 locomotives, 607 passenger cars, and 12,337 freight cars. There were 223 acres of floor space in the buildings owned, all of which had been put in order in the course of 1922. The entire length of the rail-bed has been covered with broken rock, and all the wooden bridges of the line have been replaced by others of permanent type. In 1921 the line made the net profit of 3,035,562 gold rubles in spite of the deficit of more than 4,329,800 rubles resulting from various enterprises, such as the policing of the railway zone and the maintenance of schools and hospitals, all of which are covered under the general head of "Special Estimates." In 1922 the net profit amounted to 5,416,481 rubles. On the cultural work of the Chinese Eastern Railway the publication from which we have been quoting has this to say:

"The Chinese Eastern Railway, having originated in a wild and desert country, undertook to serve the cultural and other wants of the railway personnel first and later of the whole population of both Russian and Chinese nationality.

Harbin Railway Station of the Chinese Eastern Railway

Chinese Eastern Railway Company's Headquarters at Harbin, Manchuria

"At present the railway possesses excellent premises for living quarters of employees and workmen, clubs, hospitals, schools.

"For the religious requirements, the railway has caused the construction of Russian orthodox churches and Chinese temples.

"The following figures will bear out the above statement:

"Hospitals: total number, 34; permanent cots, 530; medical staff, 155. Schools: total number of schools of I and II category, 54; number of middle schools, 2; number of teachers, 342; number of pupils, 11,517."

The complete change of the policy of the railway was emphasized in the publication in these words: "In 1921 the higher officials of the railway's management were changed and the railroad in a decisive way turned to purely commercial work and broke off all relations with political parties of every color."

The recent understanding between the Soviet agent at Peking and the Power at Mukden over the Chinese Eastern Railway seems to have brought about another change of the policy of the railway, but it is entirely too early at the time of present writing to say which way the new régime is tending.

The Ssupingkai-Chengchiatun line is the first section of the proposed Ssupingkai-Taonan line. It was built by China with a loan of 7,600,000 yen from the Yokohama Specie Bank—a Chinese government railway, therefore. The actual construction began in April, 1917, and the line opened to traffic in August, 1918. When the line is completed out to Taonan, 141 miles beyond Chengchiatun, it will play a very important part in the opening up of the resources of Eastern Inner Mongolia. The Liao, which is the only outlet for this section of the country, as we have seen, is tightly frozen from November to April, the very months in which the grains

and pulse of this part of the Liao valley should find their way out to markets.

The Changchun-Kirin line was also built by China. It cost 11,800,000 yen, of which 6,500,000 yen were borrowed from the South Manchuria Railway. This line, like the Ssupingkai-Chengchiatun line, is but the first section of a longer one. Eventually it is meant to be extended to Kainei on the Chosen border and there connect with the North Chosen line. When the connection is completed the great central plains of Manchuria will find an outlet on the Sea of Japan, as has been pointed out in another chapter.

There are four proposed lines still unbuilt: The Kaiyuan-Kirin line via Hailun, to have a length of 233 miles; the Kirin-Kainei line of about 270 miles, which we have just mentioned; the Taonan-Jehol line of about 470 miles; and another to start from a point on the Taonan-Jehol line and terminate at a port unnamed. With the completion of these lines, or even of some of them, Manchuria will enter a new era of industrial expansion.

CHAPTER XIII

TRADE AND TRADE TENDENCIES

In the course of 1922 Manchuria bought 180,160,070 Haikwan taels' worth of foreign and Chinese goods. In the same year she sold to China and to foreign countries goods valued at 274,426,631 Hk. taels. As the average exchange value of a Haikwan tael in 1922 ruled at 83 cents of American money, she did business worth a little more than $377,406,960 in American money, taking both her net imports and exports together.

Of this amount, 162,671,858 Hk. taels' worth of her imports went through the three ports of South Manchuria—through Dairen, Yingkou, and Antung. Of her exports, 195,320,511 Hk. taels' worth went out through the same three ports. Therefore out of the total of 454,586,701 Hk. taels of imports and exports, no less than 357,892,369 Hk. taels' worth of business passed through the Big Three of her ports; that is to say, very nearly three-fourths of the entire exporting and importing trade of Manchuria passed the three ports in the south in 1922. And the year was not an exceptional one in this respect. This has been the case ever since Russian Far East has been suffering from the effects of the economic chaos following the Bolshevik revolution.

CHARACTER OF THE MANCHURIAN TRADE

There are eight articles on the lists of goods she imported through the three ports in 1922 which stand out head and shoulder above the rest, not in volume neces-

sarily but in value. They are, in the order of their importance, as follows:

Cotton piece goods	49,078,518	Hk. tls.
Cotton yarn	16,090,108	"
Cigarettes, cigars, and tobacco	8,765,128	"
Wheat flour	6,873,002	"
Iron and steel	5,430,001	"
Sugars	4,687,295	"
Papers	4,366,187	"

None of these belong in the raw-material class except some items under iron and steel. The item in the above list which tells a more pointed tale than any others is the one ranked at the very top of the list—cotton piece goods. Manchuria pays for cotton piece goods more than three times the amount she does for her cotton yarn imports. This may not paint the picture of the backwardness of all her industries. It certainly does spell the primitive state of her textile industry. She cannot rank even with China taken as a whole. For in 1922, the value of Chinese importation of cotton textiles amounted to less than $125,140,000 while her importation of cotton yarns reached more than $54,883,500 in value. Her textile importation was less than two and a half times that of the yarn. And in these figures Manchurian trade is of course included. The fact is, Manchuria imported through the three ports cotton piece goods made in China to the extent of more than 12,998,000 Hk. taels in 1922.

There are also eight articles on the list of her exports which put all the rest in the shade. They are in their order of importance:

Bean cake	58,072,138	Hk. tls.
Soya beans	36,164,538	"
Kaoliang	23,664,024	"

Beans and bean-cakes in the open storage ground at the Wharf Compound at Dairen

Bean oil	14,367,410	Hk. tls.
Coal and coke	13,462,752	"
Raw silk, wild (tussah)	11,242,321	"
Millet	6,591,058	"
Timber and bamboo	5,462,017	"

All of these belong to the raw-material class except bean oil; and the Manchurian bean oil is not at all refined in the sense America or Europe understands the term. In short, the character of Manchurian trade is essentially of colonial type. The list of her exports paints her as a great agricultural state, as we have already seen; and the story of her export trade is largely the epic of her humble bean. No prophet or historian can correctly read the meaning of this simple statement, however, unless he can vision clearly to what extent beans enter into the food articles in the Far East in general and in Nippon and Chosen in particular. This is the aspect which we have already treated at length in other chapters. From all of which it is not difficult to see why it is that Nippon places so much emphasis on the possibilities of Manchuria—on the economic development of that country. American and British writers who cannot see Manchuria except from a political angle miss the point entirely as far as the real meaning of Nippon's activities in the Eastern Three Provinces is concerned.

GROWTH OF THE MANCHURIAN TRADE

In 1898, when Yingkou was the sole port opened to foreign trade, Manchuria exported goods to the value of 18,949,602 Hk. taels. Her imports totaled 21,389,940: the total business of 40,339,542 Hk. taels for the year. As early as that Japan was the heaviest buyer of Manchurian goods: her purchases amounted to 6,684,-

732 Hk. taels. Second to Japan came Shanghai; but her importation of Manchurian goods did not amount to much more than one half of the Japanese purchases—3,498,488. Great Britain bought exactly 5,415 Hk. taels' worth of the Manchurian goods that year, and Russian Manchuria's share was 1,601 Hk. taels. All other foreign countries combined managed to bring their purchases to 15,270 taels. It was not that the famous Manchurian beans were undiscovered in those days. On the contrary, the beans, bean cakes, and bean oil made up 14,880,641 Hk. taels out of the total of 18,949,602.

Ten years later, in 1908, the total imports and exports of Manchuria rose to 95,812,627 Hk. taels. It was more than doubled within the decade. Yingkou was no longer monopolizing the international trade of Manchuria. The great port of Dairen was open then; so were Antung, Manchuli, Suifenho, and Tatungkou. The Manchurian trade made a sensational jump in the very following year, 1909: it increased by more than 50,000,000 Hk. taels over the sum of 1908. Just one thing accounted for it all: the soya beans and their products, bean cakes and oil. It was in 1908, as has already been retailed in a former chapter, that the first trial shipment of the soya beans was made to England. The almost instant conquest of its customers in Europe placed Manchuria on the map of the trade world for the first time in history. When the World War broke out, like the international business of the other countries, Manchurian overseas trade suffered a setback, but it was very slight indeed: the loss did not amount to 8,000,000 Hk. taels, compared to the preceding year. Compared to the trade losses of other countries, it was nothing to talk about. It did not take Manchuria long to see that the War opened markets for her products which had never entered into the wildest dreamings of any of her friends. By 1916 the trade was on its way to new records.

By 1918 the exports and imports of the one port of Dairen alone amounted to 181,614,600 Hk. taels, which is nearly twice the value of the total foreign trade of the whole of Manchuria ten years before that.

Meanwhile a number of ports and towns were opened to international trade and residence. The port of Dairen was actually opened in July, 1907, with the establishment of the Chinese customs office there. Manchuli in February of the same year; and Antung, which had been declared opened through the Sino-American treaty of 1903, was actually opened to business in March, 1907. Tatungkou in October of the same year; Suifenho (at which the Chinese Eastern line leaves Manchuria and enters the Maritime Province of Siberia on its way to the Port of Vladivostok) in February, 1908; and Hunchun on the border of Northern Chosen in January, 1910. In addition to these, such towns as Tiehling, Tungkiangtsu, and Fakumen, were declared open by China in September, 1906; Hsinmintun in October of the same year; Changchun, Kirin, Harbin, Tsitsihar, in January, 1907; Fenghwancheng, Liaoyang, Ninguta, Sansing, Hailar, and Aigun in July, 1907. Mukden was opened through the commercial treaty of October 8th, 1903, between the United States and China, which also opened the Port of Antung on the Yalu.

JAPAN'S POSITION IN THE MANCHURIAN TRADE

The total foreign trade which passed through the three ports of South Manchuria, the ports of Dairen, Antung, and Yingkou, in 1922 (and they handled an overwhelming proportion of the entire trade of Manchuria and practically all her trade with the foreign countries except Russia) amounted to Hk. taels: 234,534. Of that sum Japan's share stood at 151,769,000 Hk. taels.

Japan stands pre-eminent among the customers of Manchuria. There is no second to her. She outdistances all the rest to such an extent that there is no rivalry possible. The above-mentioned amount does not take in the share of Chosen—which of course is a part of Japanese trade with Manchuria. The country that came nearest to disputing Japanese trade supremacy in Manchuria in 1922 was the United States, and the total of her import and export trade with Manchuria amounted to 20,354,007 Hk. taels. The year 1922, it should be remembered, also, was one of the bad years with the foreign trade of Nippon—the post-war depression was scraping bottom in Japan in the unhappy days of that year. That means that the extraordinary position Japan held in that year's Manchurian trade was nothing exceptional with her. In fact, the year before that, 1921, her peerless position in the Manchurian trade was much more emphasized: the figure for that year stood at 161,333,572, against which the American showing was almost pathetic—15,334,996. This has been so even in the pre-War years: in 1914 out of the total imports through the four major ports of Manchuria, of less than 49,373,500 Hk. taels, Japan's share amounted to 34,-904,056. In her exports Japan's position was still more dominant: out of the total of Hk. taels 48,612,847, the Japanese portion was 39,746,108. Which meant that out of the total trade of Manchuria for that year of Hk. taels 97,986,301, Japanese business with her amounted to 74,650,164, which is more than 76 per cent. of the total. In that year the United States was again only second to Japan, though her Manchurian trade totaled only 5,750,088 Hk. taels.

Nothing miraculous or unnatural about this showing of Japan in Manchuria. About the only thing to see in it all is that it is rather modest when one takes everything into consideration. With the South Manchuria

Railway falling into her hands at the close of the Russian war, she has received the trunk trade artery through the most populous section of Manchuria—through the heart of business and productive Manchuria. With the establishment of Dairen as the greatest port in North China, outranking even Tientsin, and second only to Shanghai among all the continental ports of China, Japan was simply fated to be the mistress of the international business of Manchuria whether she wished it or not. For practically all the great financial and industrial interests in Dairen are in the hands of the Japanese. The Japanese were the actual creators of that port, as far as its commercial life and activities were concerned.

Aside from these, however, there are one and a thousand other reasons. Since the Sino-Japanese war Japan has been the chief buyer of the greatest export commodity of Manchuria, beans and bean cake. She sends her ships to get the Manchurian beans and bean cakes, and the ships must have some cargo for Manchuria if they mean to carry on a profitable business. They are in position to make attractive rates for Japanese exporters' goods for Manchuria. And they are quite willing to make them, for they would rather have some cargo at cheaper rates than send their ships in ballast. What is still more important than that is the financial aspect of the thing. A great and lasting business can never be built on a one-sided basis. It is always easy to sell to a country where one buys much. The exchange is favorable: the credit machinery is already established to handle the business. The Japanese are Orientals themselves. They understand the trading psychology of the Far-Eastern customers. Geography and freight rates fight their battles for them constantly. Many are the advantages Japanese exporters enjoy over the American and especially the European competitors. But the one and paramount reason which drives the Japanese to suc-

cess in Manchuria over her competitors is the downright necessity for Japan to find the market for her wares. When the markets of China Proper are turned into a merry-go-round of anti-Japanese boycotts or into a happy hunting-ground for the Tuchuns, it is no joking matter with the Japanese manufacturers. They are ever cultivating the nearest market they have with an industry which is beyond the imagination of the lordly American manufacturers who sit in their New York offices and wait for the heathen to come to them. They toil and hustle, these Japanese exporters, while their British competitors at Shanghai, Hongkong, and other treaty ports sport their tennis flannels and their cheap arrogance to the disgust of their native customers.

Moreover the Japanese interests which are cultivating the Manchurian market are big concerns with ample capital and with world-wide connections, mostly.

Chinese competition is very keen there of course. Last year I saw a large number of commercial casualties among the petty Japanese traders at almost all the business centers there. But the great Japanese corporations working the Manchurian market stand entirely beyond the general run of Chinese competition, and even if they find themselves involved in it they are able to hold their ground with comfort and with ample profit in spite of all the shrewdness of the Chinese traders.

The Japanese commercial and financial interests planted in Manchuria are of considerable magnitude and are increasing every year. In 1922 there were twenty-six banks with the total capitalization of more than 65,000,000 yen; their loans outstanding at the end of the first half of the year amounted to more than 247,383,600 yen. The loans put out in the same half-year period amounted to more than 1,426,929,000 yen in gold, and in addition more than 131,233,000 yen in silver. The amount paid back in the same period

Concrete fire-proof warehouses on the Dairen Pier in course of construction

amounted to more than 1,429,126,000 yen in gold and more than 132,442,000 yen in silver. These figures give a hint of the magnitude of Japanese operations in South Manchuria. It is an illuminating comment on their commercial dealings and the fast turnover of their business.

These Japanese investments and financial activities in Manchuria react on the Japanese trade with the country first of all. Then there is the South Manchuria Railway, whose story we gave in Chapter VI. It is by far the biggest fairy mother of Japanese commercial and industrial activities in Manchuria. It is alone amply big enough to raise Japan's trade with the country above that of any or all of her competitors.

POSITION OF DAIREN IN MANCHURIAN TRADE

The speed record in the growth of trade among all the ports on the Pacific is not held by Seattle or by San Pedro, the port of Los Angeles, or by any other American port. Neither is it held by any of the aggressive ports of Japan. It is held by a port in a country whose name millions of our American friends cannot tell from that of a chop-suey dish: the Port of Dairen in Manchuria holds it. The port was opened to international trade July 1, 1907, with the establishment of a Chinese Customs-house there. The total trade of the port for the second half of that year was 13,837,739 Hk. taels. The trade conditions in Manchuria were far from normal in that year: the disturbing effects of the Russian war of 1904-5 were still evident everywhere in her trade centers. In some parts of the country a near-commercial chaos reigned. The Russian sphere of North Manchuria was utterly demoralized; and that reacted on the trade activities of South Manchuria.

The following year brought a turn. The ever-increasing entry of the Japanese into South Manchuria began

to tell. It resulted in a revival of industrial and commercial activities. That was the year, as we have seen, when soya beans made their European conquest. By 1909 the trade of Dairen rose to 46,510,000 Hk. taels. After recovering from the first shock of the World War Dairen's trade went ahead with a rush, so that ten years after the opening of the port it stood in 1918 at more than 165,824,000 Hk. taels, without counting in the re-exports handled through the port. That is quite a contrast to the less than 13,838,000 Hk. taels of the closing half of 1907. The Port of Tsingtao under the German administration felt very good when its customs revenue reached a million taels at the end of the first ten-year period after its establishment. She felt vain because she rose to the sixth among the Chinese ports. She announced her achievement from her red roof-tops to all the world. It took Dairen less than three years to break through the million-tael mark in its customs revenue; in 1916 its customs receipts went beyond the two-million-tael mark. In that year her trade was valued at 99,776,-790 Hk. taels, which was about 6.84 per cent. of the entire trade of China for that year. She was ranked sixth on the customs list. In 1917 she passed the greatest port of South China, Canton, astern. In 1918 with her total trade of 165,824,000 Hk. taels, Dairen passed the two great ports in the long-established trade centers of China, Tientsin in the North and Hankou in Central China, and assumed the rank of second to the premier port of all China, Shanghai. In that year her trade amounted to 10.45 per cent. of the total Chinese trade. In 1922 Dairen's net trade (exclusive of re-exports) amounted to 220,010,135 Hk. taels, which is an increase of 9,568,870 over the figures of 1921. In the total net direct foreign trade for that year she again ranked only next to Shanghai with her 161,113,470 Hk. taels, distancing both Canton and Tientsin. Last year while I

Quay "A" in the Dairen Wharf Compound

Warehouses in the Wharf Compound at Dairen

was in Dairen I was told that in spite of the financial depression through which Japan was then passing, Dairen was going ahead splendidly, that it was making a new record in trade. The figures published by the Chamber of Commerce of Dairen this summer make good the prediction; they show an increase of more than 13,928,000 Hk. taels over the figures of 1922, which of course is the largest amount in the history of the port.

There are a number of New Yorkers who believe that the port of New York practically monopolizes the foreign trade of the United States. In 1922 the total imports and exports which passed through the port of New York were valued at $2,643,820,606. In the same year the total foreign trade of the United States was $6,944,524,302. In other words, New York handled a good deal less than 39 per cent. of the total trade of the United States. In 1922 the single port of Dairen handled an export business amounting to 220,010,000 Hk. taels. The imports and exports of the whole of Manchuria for that year were valued at 357,992,000 Hk. taels. We can put this in another way: What the port of Dairen is to Manchuria is what New York is to the United States, only more than 26 per cent. more so. Instead of doing less than 39 per cent. of the whole country's foreign business, as New York did, Dairen did nearly 65 per cent. of the total business of Manchuria. In other words, the single port of Dairen beat the combination of all the other ports and importing and exporting points in the whole of Manchuria by more than 82,000 Hk. taels in that year.

Just to bring out what an astounding miracle of a trade port Dairen is; just to show it is no local port of an obscure dependency of China, but one of the greatest among the world ports of to-day, let us point with pride to the following array of facts:

For the protection of its harbor waters Dairen has

three breakwaters—the Eastern section of 1,221 feet, the northern of 7,405 feet, and the western of 4,810 feet; the total of 13,436 feet, or about two and a half miles.

Inside the breakwaters there lie 3,135,000 square meters of protected water, of which about 3,036,000 square meters are available for shipping.

The main entrance on the eastern side of the harbor is 1,200 feet wide; the northern entrance, which is for sailing ships and steam launches, is 400 feet wide; and the western entrance, which serves the same end as the northern, is 200 feet wide.

There are three piers: the first is of 2,525 feet; the second of 4,424 feet; and the third of 4,000 feet; and two quays, "A" of 1,144 and "B" of 900 feet; the total of 13,393 feet of berthing space. These are divided into thirty-four berthing sections, most of which are 400 feet long. In addition to these there is a pier for inflammable goods, of 1,132 feet, of which only about 420 feet are available for berthing.

The depth of the basin at low water of ordinary spring tide is thirty feet. The tide has the range of eight feet.

This water is faced with the wharf compound of about 1,650,000 square meters; and the piers are provided with hydrants, one for each berthing section, capable of supplying sixty tons of water an hour. There are also three water-boats, each with the capacity of supplying 30 to 50 tons an hour.

Four sections of the pier are set aside for coaling, with a coal-yard for about 80,000 tons. At these sections ships can fill their bunkers direct from coal-cars on tracks on the pier.

These piers are equipped with a number of cranes ranging from a ton and a half to thirty tons capacity, and on the water there are two floating cranes of fifty-ton capacity and three of twenty-five-ton capacity.

REFERENCE NUMBER
1 Army Transport Dept. (Branch) K5
2 New ... M.R. Wharf Office
3 Staple Produce Exchange J6
4 Dairen Trust Co. ,,
5 Chien-shun-tung Yufang & Yu cheng Yufang ,,
6 Mitsui Bussan Kaisha Co (Branch) ,,
7 Nippon Yusen Kwaisha (Branch) I 6
8 Butterfield & Swire ,,
9 Dairen Oil Industrial Co. B6
9 Roman Catholic Church
10 Independent Church (Japanese) ,,
11 Standard Oil Co H5
12 Yamaguchi Forwarding Co. G5
13 General Post Office G6
14 Gendarmerie Station F6
15 To-a Tobacco Co. & Mitsukoshi General Store (Branch)
16 S.M.R. Electric Office
17 Liao-tung & Hanaya Hotel
18 Iwaki Hotel F7
19 Dairen Saving Bank
20 Christian Missions Presbyterian ...
21 Dairen Water work Office and
Bank of Chosen (Branch) G7
22 General Post and Tel Office
23 Shoryu Bank
24 Telephone Exchange Office
25 Dairen Hotel
26 Yokohama Specie Bank
27 Chamber of Commerce
28 Bussines Men's Club & Lyuke Shimpo G 8
30 Nisshin Oil Mills Co Office H6
31 Young Men's Christian Association G6
32 Bank of Chinese ... G7
33 Cornabe Eckford & Co H6
34 Tompson Bartram Co.
35 S. M. R. Co's Library & Japan Tourist Bureau H7
36 Manchu Nichi Nichi Shimbun
37 Army Accountant Office
39 Yamato Hotel
40 British Consulate
41 Civil Administration Office
42 Salvation Army
45 Kindergarten
46 Mukden & Antung ...
Marine Products Association
Russo-Jap...
Russian Church
S.M.R. Dairen Hos.
Proposed to be Reclaimed
Hospital
Isolation Hospital

Courtesy of I.J.R.R.

Map

H
I
J
K
L
M
N
Signal Station
Suzuki Yufa
DAIREN
(DALNY)
Scale 1:20,000
Chinese Ri
Hapozan Hill

ren

The port can handle 20,000 tons of cargo a day with ease.

On the piers and wharf compounds there are fifty miles of tracks; fourteen locomotives constantly at service; 250 freight-cars of thirty-ton capacity each; four four-ton motor trucks with eight two-ton trailers, and eight two-ton motor trucks, and two tractors with ten one-ton trailers.

The port has a drydock which can accommodate ships up to 6,000 gross tons. The port has accommodations for 150,000 tons of shipping at one time. Its annual export and import tonnage ranges upward of 4,500,000 tons. The Dairen Bay wireless station stands at Liu-shutun across the bay from the city.

In 1922 no less than 5,149 ships entered and cleared at Dairen of the total registered tonnage of 8,203,119 under the following flags:

Nationality	Vessels Number	Tonnage	Value of trade (in Hk. tls.)
Japanese	3,334	5,600,231	167,846,761
Chinese	1,282	938,291	38,158,355
British	307	854,707	17,643,929
Dutch	60	260,216	7,206,378
American	88	359,728	5,780,397
Norwegian	14	61,644	1,054,388
Danish	36	56,040	1,145,871
German	12	45,616	553,693
French	8	11,518	200,267
Russian	6	6,426	147,318
Swedish	2	9,002	92,052
Italian	—	——	3,240
	5,149	8,203,119	239,832,649

From 6,000 to 8,000 Chinese coolies are at work every day on the water front.

There are fifty-seven ordinary warehouses covering 282,235 square meters: ten for inflammable goods covering 7,236 square meters, one cold storage warehouse covering 793 square meters, five bean-oil storage tanks of 120 tons each, three freight sheds covering 391 square meters. In addition to the above there is an open storage space of about 396,694 square meters. The maximum storage capacity of the above is about 750,000 tons.

On the land side, the City of Dairen is the originating point of the great South Manchuria Railway system. There is no trade center of importance in all South Manchuria that cannot be reached within twenty-four hours from Dairen. It is the only ice-free port in Manchuria. It is indeed the only real port for the hinterland of something like 150,000 square miles of South Manchuria.

SOYA BEANS AND THE MANCHURIAN TRADE

The prizes and honors the soya bean has won in the profitable arena of commerce are countless and old—achieved long before the opening of the Port of Newchwang to foreign commerce. Like champions in any other field, it rarely took a backward step on its way to triumph. For the period of thirty years from 1872 to 1901, when the port of Yingkou, known to all the outside world as Newchwang, was the only outlet for Manchurian goods, the annual average shipments of soya beans out of Manchuria amounted to 2,592,869 piculs (1 picul is 133.3 pounds) valued at 10,222,471 Hk. taels. In the same thirty years the average annual export of bean cake amounted to 6,096,920 piculs worth 2,061,117 Hk. taels, and that of bean oil to 54,147 piculs of the value of 255,221 Hk. taels. From that time on the progress has been marked: in the ten-year period from 1913 to 1922, when Dairen and Antung and other points of outlet in Manchuria were opened and operating, the

Soya bean crowding into Kaiyuan from surrounding districts for shipment

average annual exportation of soya beans amounted to 7,370,505 piculs valued at 21,050,937 Hk. taels; the average annual figures for the bean cake for the same period were 18,672,447 piculs valued at 38,053,762 Hk. taels; and for the bean oil 1,688,163 piculs valued at 14,477,610.

One gets a hint of the giant step the soya bean has taken as the leader of international trade commodities in Manchuria by looking at the following two figures and noting the distance between them: The total value of bean, bean-cake and bean-oil exports for 1907 through the Big Three of Manchurian ports amounted to 17,015,-365 Hk. taels. In 1922 they were valued at 115,438,224. After the first trial shipment of 100 tons to England in November, 1908, which proved an instantaneous success, the first regular shipment of 5,200 tons was landed in Hull in March, 1909. That was the beginning. In the season of 1909-1910 no less than 400,000 tons were shipped to England. Fifty steamers were chartered for the sole purpose of carrying beans from Dairen and Vladivostok to Europe. In the month of December, 1909, alone, 300,000 tons of new bean worth two million pounds sterling were contracted.

These figures are colorless, however, to any one who knows intimately to what extent the soya bean has leavened the life and activities of trade in Manchuria. More than a thousand mule- and donkey-power *yufang* all over South and Central Manchuria would be without a job, as would be hundreds of banks which finance them, if tomorrow the bean were to disappear from the face of the country. More than 26,000,000 yen of capital funds in 337 larger modern oil mills would be instantly idle. In 1922 more than 252,620,000 catties of bean oil and more than fifty million pieces of bean cake came from the oil mills. Without them the market places would have been as lonely as lower Broadway at midnight.

Coal of course gave, in 1922 and in other years, the great South Manchuria Railway its heaviest freight tonnage; but the second ranking commodity in terms of railway tonnage was soya bean. Out of the 12,043,790 tons, the total tonnage of principal commodities carried over the South Manchuria line, the bean and bean oil accounted for more than 2,077,000 tons. Kaoliang, the biggest freight tonnage producer among Manchurian grains, could not provide half of the bean tonnage; it was less than 912,200 tons. All other grains combined could give the railway no more than 688,975 tons. When one comes to the export tonnage out of Dairen, respect for the humble bean increases mightily: out of the total of 4,081,431 tons exported, bean, bean cake, and oil made up pretty nearly half—to be exact, 1,927,803 tons.

And the most eloquent part of the story of the soya bean is that not half—not one hundredth—has ever yet been told.

MANCHURIAN TRADE FOR COTTON PIECE GOODS

Just as the bean and bean cake dominate the exports of Manchuria, so the cotton textiles, in a somewhat lesser degree, lord it over the import trade of the land. In 1922 Manchurian importation of cotton piece goods and yarns through her three principal ports was valued at 65,168,656 Hk. taels. As the total imports of the year were valued at 175,333,657 Hk. taels, cotton textiles and yarns made up somewhat more than 36.5 per cent. of the total. In 1921 the importation figures of cotton piece goods and yarns amounted to about 63,500,000 Hk. taels, which was about 34 per cent. of the total imports. In 1920 the amount was 63,700,000 Hk. taels, making about 36 per cent. of the total imports. In 1919 it

amounted to 63,500,000 Hk. taels, or 34 per cent. of the total, as in 1921.

In the early days of Manchuria's import trade, immediately after the Sino-Japanese war, American mills had a practical monopoly of Manchurian trade in cottons. In 1899, for example, the imported cottons into Manchuria amounted in value to Hk. taels 2,041,809. Out of that total the American share stood at Hk. taels 1,716,272, under the following heads: Sheetings, 1,101,765 Hk. taels; drills, 584,877; for jeans, 29,630 Hk. taels. The Japanese share in these commodities was pathetically negligible: it amounted to 8,205 Hk. taels in all. The British did not fare much better: their share stood at Hk. taels 25,031, exclusive of the Indian cottons. But in the early 1900's, just before the Russian war, the British cottons worked their way up until they held the leadership in shirtings; while the United States held her premiership in sheetings, drills, and jeans; and Indian yarns held first place on the list. With the conclusion of the Russo-Japanese war, as was entirely natural, a turn came in the Japanese exportation into Manchuria. By the time the World War came Japan had completely distanced all her rivals in cottons sold into Manchuria, and through the European war-time she increased her lead. So the trade returns for 1922 show: Out of the total importation of cotton piece goods through the three principal ports of Manchuria, valued at 49,078,548 Hk. taels, Japan's share stood at 28,353,408 Hk. taels, while the British share amounted to no more than 238,147 Hk. taels and that of the United States to 43,939. But the cottons shipped into Manchuria from other ports of China amounted for that year to the commanding sum of 12,998,077 Hk. taels.

There has been a lot of loose talk from the anti-Japanese propagandists in the United States over this strik-

ing gain of the Japanese cottons in Manchuria. They have pointedly accused Japan of employing unfair means in gaining this ascendancy. These anti-Japanese breeders of international trouble never fail to parade the figures of the declining American and British Manchurian trade in cottons. But for some curious reason they never present the tremendous gain of the Chinese cottons in the Manchurian market. If they did that the fair-minded readers in America would have no trouble at all to see the real reason for the sensational gain of Japanese cottons in the import trade of Manchuria. American textile mills had a practical monopoly in supplying Manchuria cottons while the Japanese and Chinese mills were non-existent. As soon as the industrial development and progress in Japan and China brought their textile mills to such a point that they could produce in sufficient quantity at a price lower than the American mills, then the most natural thing on earth took place. Japanese and Chinese mills sold their cottons to Manchuria. The Japanese and Chinese mills cannot hope to produce the high-grade cottons the American mills are producing. But the Manchurian demand is satisfied much better with cheaper cottons than with the superior and higher-priced goods. That is all there is to it.

TWO PLAGUES OF MANCHURIAN BUSINESS

There are two plagues torturing Manchurian trade: one of them is the Manchurian currency—money chaos is an infinitely more fitting name for it—and the other is the various forms of taxation.

In Manchuria, just as in any other parts of China, currency confusion has attained a well-nigh perfect stage. There are moneys on a silver basis, on a copper basis, on a gold basis, on a personal-credit basis, on the uncoined-metal basis. There are coins and notes issued by the

Central Government at Peking, there are notes and coins issued by various Provinces of China; there are notes and coins issued by various cities, by various private banks, by various private brokers, by various persons who get the urge of issuing money which they think they should issue because they have personal credit. There are moneys issued by Japanese banks; there are thousands of Mexican dollars; there are a lot of uncoined silver ingots called *Sycee*. If these blessed money manufacturers and issuers would stop right there, the matter would be simple. They don't stop with a few hundred kinds of moneys. Every little town has its peculiar moneys which it favors over any others. There are no two towns which do their business with the same moneys. And that is not all. When the same money happens to pass from one town to another, every town it passes through puts entirely different value on the same money, so that the same piece of money can never hope to recognize its own face value at any stage of its journey through different sections of the country. Our Chinese friends are proud of the fact that the Land of Central Bloom had copper coins—real coined money—in the early days of the Chou Dynasty, from 1122 to 247 B.C. Some of her more critical visitors who happen to wander into the China of the Year of Grace 1924 find that her merchants are doing business with *Sycee,* and from that indisputable fact they conclude that China is still passing through the twilight between coined and uncoined money in her financial development. For nobody can deny that the *Sycee* is just a piece of silver ingot with no pretensions whatever of being a coined money.

Just to give a hint of the bewildering state of things, let us mention a few of the moneys which are circulating merrily all over Manchuria:

There is a round brass coin called "cash" among foreigners, which the Chinese call *Chihchien;* it is the oldest

coin in the world perhaps, dating to the Chou Dynasty, therefore of tremendous historic value (that is, the originals if they could be found) but of no particular purchasing power. Then there is another coin on a copper basis called *Tungyuan* by the Chinese. There is a silver dollar called *Yangchien,* which has the reputation of being the most important coin in Manchuria. It was first minted at Canton by the famous Viceroy Chang Chihtung and has the appearance of a Japanese silver coin. Then there is *Sycee.* There are in circulation Japanese silver *yen,* Mexican dollars, Japanese and Russian subsidiary coins of various denominations. There are Chinese Government notes called *Kuantieh,* copper coin notes called *Tungyuanpiao,* silver-dollar notes called *Yangchienpiao.* There are in circulation there Bank of Japan notes, Japanese army notes, Bank of Chosen notes, Yokohama Specie Bank notes, Russian ruble notes.

But let no one lead himself into a fool's paradise by merely glancing at this simple list. Take the one item of *Sycee,* which the natives call *Yinting,* as a warning. To say *Sycee* or *Yinting* is simple enough, but the different kinds of *Sycee* make it ring with altogether different tones: there is a *Sycee* called *Yuanpaoyin,* another called *Chungting,* another called *Hsiaoko,* still another called *Mienchinyin,* another *Paopaitzu,* another *Pienyin,* and the end is not yet. And when one stops to ponder with proper humility the depth and height of the following statement of fact, he is apt to fear he may land in the Slough of Despond of the Manchurian currency muddle.

The manufacture of *Sycee* is entirely left to private individuals and plants called *Yinlu,* or Silver Furnaces; and there is no fixed fineness or weight to it which would hold good throughout the country. Even where, as in Manchuria, its weight is fixed by local Chambers of Com-

merce, local scales in use at one and a thousand towns by no means agree.

We have perhaps performed our duty in indicating just what hades this sort of currency condition would play with the commercial and industrial development of a country.

Taxes in Manchuria are not a whit less trying or bewildering than her currency. Either of them is entitled to a fat technical volume in its own right. As this book has no pretension whatever of being a technical work on either of the vexatious themes, we shall be content with a mere indication of the thorny nature of the subjects. For that purpose let us take one form of taxation, called *"likin."*

Likin, as the word shows, is a hundredth, or one per cent., tax levied on goods in transit—one per cent. *ad valorem.* It is a comparatively new tax. It was inaugurated to meet pressing financial needs in the dark days following the Taiping Rebellion. It was invented as a temporary measure, and put into effect in 1853 for the first time. But soon after the Taiping Revolt came the Mohammedan Uprising in the South. The Government had to raise funds to suppress it and lost no time in extending the scope of *"likin,"* making it a nation-wide tax of a permanent nature. If it held to the original scope, the tax would not have been so trying. But of course every provincial and every petty-district tax-gatherer embroidered it and enlarged it according to his particular fancy or greed or financial needs, so that it has been so transformed that no prophet now could possibly detect the original by looking at it. As the collection of it is farmed out to various officials and private individuals at certain fixed prices, all the wise laws in connection with the tax as it first was put into practice remain now as little more than dead letter. But the real

infernal phase of *likin* tax is not even in its ready rubber balloon quality of expanding in response to the greed of tax-gatherers. It is due to the fact that *likin* is collected at a hundred and one places all along the line of transit. When a cart of goods is sent any great distance, the amount of *likin* tax on it takes on the aspects of a snowball and becomes really astounding. If the driver of a cart is instructed to sell a portion of the cargo to meet this *likin* tax—as is the custom in China—it often happens that the entire cargo is exhausted long before it reaches its destination. This is no idle jest: it is a real, blood-curdling page right out of the book of commercial life in China. In China many taxes are written with a character for "loss"—and there is downright ground for it. Looking over the list of taxes in China, one is tempted to conclude that the inventive genius of the Chinese people has been concentrated for centuries on christening different forms of taxation. In older times there were military tax, river conservancy tax, charity-work tax, rescue-work tax, river-police tax, and many others which a cargo in transit had to face in addition to *likin*. The thing got to such a desperate pass that its very evil brought about its own reform. In Mukden Province in Manchuria, for example, all these additional taxes were abolished in January, 1907. *Likin* is now limited to only two collections, one at the point of origin of a cargo and the other at its destination. On grains and flour the tax of one per cent. *ad valorem* is collected, and on all other products one and a half per cent. is levied. Cargoes which simply pass through the Province without being sold there pay no tax whatever. The destination levy is 2 per cent. *ad valorem* for all goods, whether they are of its own province or imported from outside, except for grains and flour on which no destination levy is collected.

In Kirin Province *likin* tax is known under the name of seven and four *likin:* that is to say, 7 per cent. *likin* for army expenditure and 4 per cent. *likin* to defray the expenses connected with the Kirin mint.

In Amur Province there is no *likin* tax at all. In its place there is a 10 per cent. levy on various goods, live-stock, and grains.

CHAPTER XIV

GOVERNMENT

In the first year of Emperor Shunchih, who placed the Manchu Dynasty upon the Dragon Throne of the Middle Kingdom, Manchuria received an expression of special consideration at the hand of the Peking Court. It sent one of the Palace Ministers to preside over her. He was supported and assisted by two Deputy Lieutenant Generals and a military secretary in the administration of the Province. Even in those simple days the governing of the Home Province of the Manchu Dynasty seemed anything but simple. The persistent and frequent changes in her administrative form are an eloquent comment on this point.

In 1646, that is to say only two years after the Palace Minister had been sent there, an Anpang took his place at the head of the Provincial Government. He took upon himself all the functions of the two Lieutenant Generals who had gone to assist the palace minister. In 1657 Shenyang, the district round about the Capital City of Mukden, was created a prefecture under the name of Fengtien Fu, and a civil governor was appointed to rule over it. He was commanded to combine the duties of Literary Chancellor in 1661. In 1662 the title of Anpang was changed to Chiangchun, or Military Governor, of Liaotung. In the next year the title was changed again to the Military Governor of Fengtien. In 1671 it was once more changed to the Military Governor of Shenking. In 1684 the Provinces of Mukden, Kirin, and Amur were each governed by a military governor, who

Official residence of the Inspector-General of Manchuria

The Entrance of the Provincial Administration Office at Mukden

combined the functions of a civil governor as well. And in 1876 the Military Governor of Shenking was created the Governor General of Fengtien (as the Chinese call Mukden). The Military Governor was also the commander-in-chief of all the military forces of the province, except the garrison at Port Arthur and in its immediate neighborhood at the tip end of the Liaotung Peninsula, which was under the command of the Superintendent of Trade for the Northern Ports. In 1876 also the Civil Governor of the Mukden Prefecture was raised to the rank of a Provincial Governor, and as such he was made a colleague of the military governor. He governed the country with the famous Five Boards—of War, Punishment, Ceremony, Construction, and Finance. Each of these was presided over by a president and a vice-president and had a staff of many secretaries. The Board of Punishment often had the greatest number of officials on it—a rather significant sidelight on the administration activities of those days.

At first the military régime received the prime emphasis; but as years went on, came the Chinese from the southern provinces. And with the increase of agricultural and commercial population, the need for and the prestige of the civil government rose steadily. The Mukden Province was the first to have a civil governor acting on an equal footing with the military governor. The first agricultural immigration from Shantung and from Chihli, which crowded into the valley of the Liao and spread over South Manchuria, was of course the primal cause of this. And the Kirin Province followed in the wake of the Province of Mukden in claiming a civil governor of its own. The primitive Province of Amur has ever been under military rule. The coming of the civil government has served in Manchuria as in many other countries of the world as the gauge of the forward march of civilization.

In 1907, as the result of memorials from Hsu Shih-chang and from Tang Shaoyi, the office of the *Tsungtu* or Viceroy of Manchuria was created. He was to reside at Mukden and in him was vested the supreme authority over the Three Eastern Provinces. At the head of each of the provincial governments was placed a governor who discharged his civil functions under the direction of the Viceroy. These provincial governors ranked next to the Viceroy and were stationed at the capital cities of the three provinces. The Viceroy was to supervise both the civil and military policies and activities of the Three Provinces, and from time to time was expected to make his round over the different sections of his domain. In his hand the Viceroy held the power to dictate both domestic and foreign policies for the province. Only in crises of extreme gravity was he expected to visit the Central Government at Peking, confer with the ministers of state, and present matters to the throne. The immediate motive which inspired this change in the governmental system of the Three Provinces was to do away with the everlasting petty personal jealousies and friction among the civil and military governors of the provinces, who had been on equal footing and had constant temptation to dispute the shadowy and often puzzling boundaries of their respective authorities. As these changes were put into play, however, the shadows were darkening over the closing days of the Manchu Dynasty at Peking.

The revolution of 1911, with the abdication of the last of the Manchu Emperors in February, 1912, did not bring a very radical change in the administrative machinery of the provincial governments in China. In Manchuria Viceroyalty was abolished. The office of Tutu was created for a Military Governor, who was placed at the head of each of the Three Provinces. He held both the military and civil authority of the province

Office of the Military Governor of the Kirin Province

Bureau of Foreign Affairs of the Kirin Province

in his hand. But in January of 1913 this was again changed so that the Military Governor was deprived of his civil functions and was confined to the discharge of his military duties. At the same time a civil governor was placed once again at the head of every province to administer its civil affairs. This revival of the old system of placing a province under a military and a civil governor was applied to all the provinces of China along with the Three Eastern Provinces. It was found out, however, that in the organization of the departments of a provincial government each province created different divisions under various names and brought about the condition of exceeding confusion. To standardize the civil administrative organization of the provincial governments, a Presidential mandate (No. 72) was issued in May, 1914. This regulation has been revised and modified in minor details since; but the provincial governments functioning to-day are largely based on the regulation promulgated by that mandate, which may be briefly sketched here:

At the head of every province is the military governor called Tuchun. He is the highest ranking official in the province. In time of peace, however, his authority is confined to military matters only. He acts under the direction of the President, the Ministry of War, and the General Staff at Peking. That is the letter of the regulation. In practice it is far from the fact. Especially in the case of so-called Inspectors General—General Chang Tsolin of Manchuria, for example. He has been dictating to the Peking Government without taking the slightest orders from either the President, the Ministry of War, or the General Staff at Peking. He has been doing that for some years now. In the spring of 1922, after his unfortunate encounter with General Wu Peifu, another so-called "super-tuchun," he immediately declared the whole of Manchuria an independent state

which would not think of taking orders from the Peking Government. At the time of writing he has been entirely victorious over the over-ambitious Wu Peifu and after driving him completely out of the sun into his humble retreat along the Yangtze, he has gone to Peking to back Tuan Chijui for the dictatorship of China.

Under the Tuchun, there is a Civil Governor called Shengchang—the Chief of the Province: he is the civil head in each province. All the administrative functions except those of military nature come under his authority. In matters of education, foreign affairs, finance, justice, and industries, he is expected to act in close touch with the Central Government at Peking. He controls—according to the letter of the regulation, that is—the local militia and in times of need has the right to call upon the military authorities to co-operate with him.

The Provincial Government functions through various Departments; and there is also the Bureau of Foreign Affairs, which is not really a part of the Provincial Government. A special envoy called *Chiaosheshu* presides at the head of this bureau and conducts the foreign affairs of the province under the orders of the Ministry of Foreign Affairs at Peking, although, to be sure, he does this in consultation with the governor of the province. A Department of Finance, called *Tsaicheng Ting,* which attends to the collection of taxes; a Department of Education, called *Chiaoyu Ting;* and the Department of Industry, called *Shihyeh Ting;* and a Higher Court, *Kaoteng Shenpan Ting,* the chief judge of which is the highest judicial authority of the Province, are the others.

The largest subdivision of a province is called *Tao.* The Mukden Province is divided into three *Tao,* and so is also the Amur Province, while the Kirin Province is divided into four *Tao.* At the head of each *Tao* is an official called *Taoyin* who acts under the supervision

of the governor. His powers are similar to those of a Provincial Governor within his own jurisdiction.

The *Tao* in turn is subdivided into many Districts, or *Hsien,* which are the smallest administrative subdivisions of a province. In Mukden Province there are 57 Districts; in the Kirin Province there are 40; in the Amur, 29. A District is administered by *Hsien Chihshih,* the District Magistrate. His duties are multifarious and not always pleasant. He is usually, except in large centers, the chief tax-collector in his District, the chief judge, acting under the direction of the *Taoyin,* the Civil Governor, and of the higher court. Educational and industrial complications come under his care. He is also the chief police officer. If by a happy partiality of Fate his district happens to be the possessor of a modern police station, then he is the proud chief of the district police station. He combines the offices of Coroner and Land Registrar, also.

In addition to the official administrators, Manchuria, like so many other sections of China, has a number of private individuals and organizations which govern the country in their quiet, but none the less effective, way. Time and again it has turned out indeed that the non-official government proves to be about the only government that one can find between sun-up and sun-down and especially from sun-down to sun-up.

One of the most powerful among these uncrested governments is the Merchant Guild. Whenever the Chinese merchants leave their homes in a province and move into a new town in another province to settle down in it, about the first thing they do is to organize themselves into a guild in the new home. A merchant guild is supposed to be a purely protective organization; that is to say, it is meant to protect the commercial and other interests of its members. Doubtless that was the first

mission of the guild; and to-day that is still the prime function of it. But as a guild grows in scope and wealth it assumes some of the most vital functions of a municipal government. At many important centers it attends to the maintenance of streets, drains, bridges. It looks after the water-supply of a community. It attends to the measures for the protection of public health. It provides food and raiment for the needy. To it is given, quite often, the authority to collect taxes on carts and shops and on trade of certain character to a certain limited extent, so that it may have the wherewithal to fulfil municipal duties and perform public functions. In all cases it functions as the Chamber of Commerce. The local governmental authorities look upon the guild with favor usually—for financial reasons, mostly. Whenever a fund is needed for any important matter of public interest they make a beeline for the guild; and the merchant guild is usually good for a contribution. When a bandit band threatens to burn up a town the town is more often saved through the guild paying blackmail than through the heroic exploits of the police or army forces. It may be said in passing also that the merchant guilds are very strict in levying and collecting such taxes as they are permitted to collect by the local authorities. But according to years' observations of a number of foreign residents at various points in China, they are not quite as strict and rigid in performing the municipal duties for which the taxes they collect are supposed to pay.

There is another important personage who has a lot to do with the local government of a village or a town: the Headman of a village community. He is elected by his fellow villagers and townsmen and performs about as many and useful duties as an assistant district magistrate. In his own ward he is constantly called upon to sit in judgment on a thousand and one disputes of sordid and delicate nature and give forth his wisdom.

Office of Taoyin

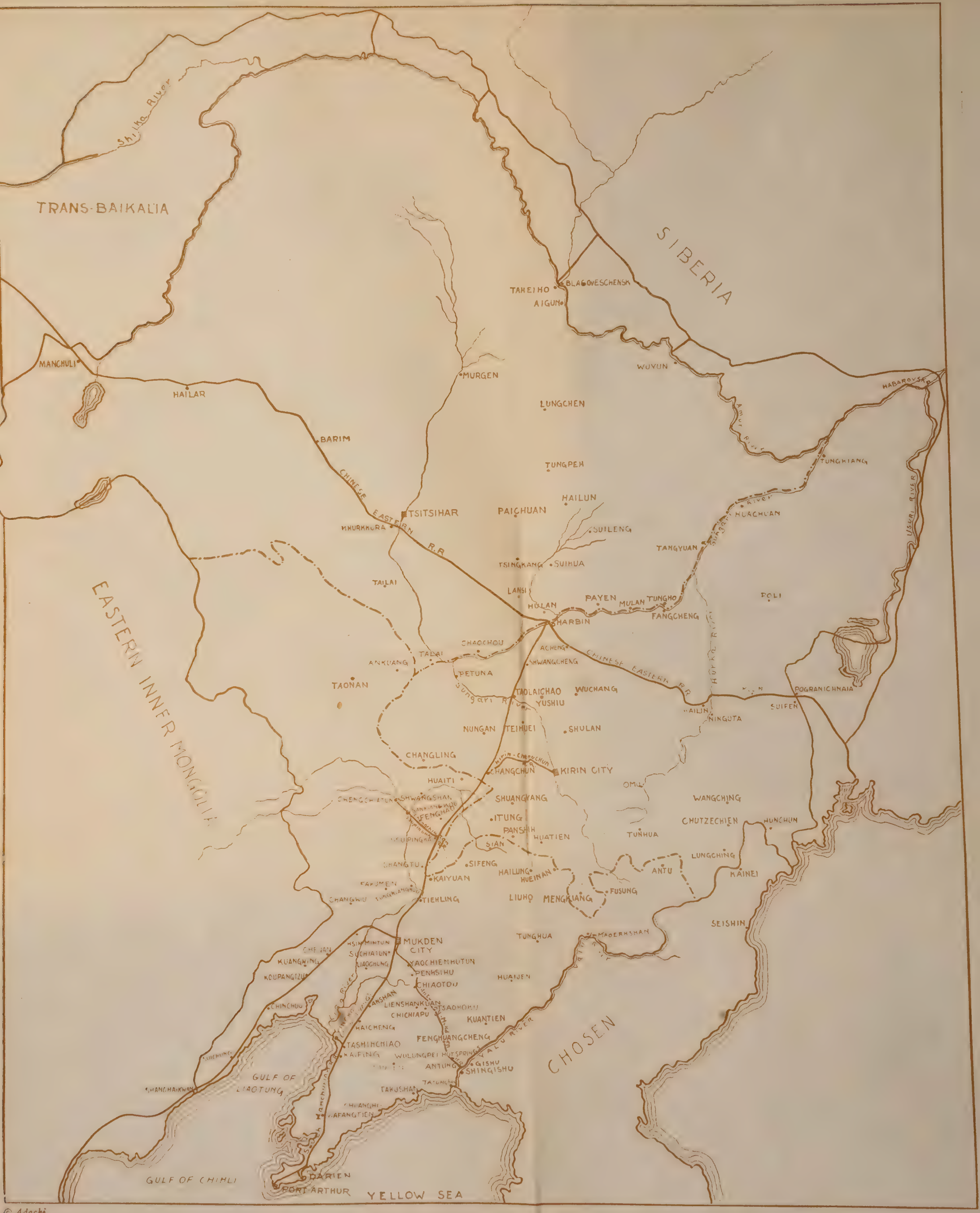
Gate to the Walled City of Kirin

He is summoned to represent his people in litigation in local courts and in other troubles. He is a sort of a connecting link between the governmental authorities and the people. His services are invaluable to the District Magistrate. The headman of a village reports an event of any importance that happens in his ward to the District Magistrate, without loss of time. A large majority of the District Magistrates would be like a New Yorker without his newspaper if the headmen of the villages and towns happened to make their exit overnight. Any foreigner who happened to have anything to do with Manchurian real estate, for example, would have no trouble at all in finding out the value of the seal of a village headman. His seal upon a document means that everything is in order, that it is entitled to the confidence of the Magistrate—that the said official may sign it without fear of finding himself in a mess. This is important in a country where the enthusiastic growth of complications is apt to shame the backyard weeds. More especially is this true if one of the parties to a deal happen to be a foreigner. The validity of a document is then subjected to an unusually critical test.

The merchant guilds, the village headmen, and other private bodies and organizations have been taking over the functions of administration quietly in China through centuries. Without them the Chinese community can hardly exist. The weaker the governmental agencies become and the more their prestige and actual power "sweep the dust," the stronger and more effective grow the guilds, clubs, and other private agencies which look after the welfare of the people. Simply and solely because they have to exist. This is the key to unlock the perennial miracle which has been puzzling foreign friends of China for years. Any other country would go to pieces with half the number of its bandit bands, the Tuchun wars, and the unspeakable "squeeze" cancer

which are to-day eating into the very vitals of that really great race the Chinese.

The examination of political tendencies in Manchuria is a fascinating theme, but we shall keep ourselves from the temptation of it; for it can hardly be treated intelligently without an extensive examination of Political China as a whole, an ambition entirely too big for the modest space at the command of the present volume.



© Adachi

Map No. II: An Outline Map of Manchuria

APPENDICES

The text of the treaties and agreements in the following appendices is reprinted from John V. A. MacMurray's "Treaties and Agreements With and Concerning China" through the courtesy of its publisher, Carnegie Endowment for International Peace:

APPENDIX I

JAPAN AND CHINA

Treaty of peace: April 17, 1895.

His Majesty the Emperor of China and His Majesty the Emperor of Japan, desiring to restore the blessings of peace to their countries and subjects and to remove all cause for future complications, have named as their Plenipotentiaries for the purpose of concluding a Treaty of peace; that is to say, His Majesty the Emperor of China, Li Hung-chang, Senior Tutor to the Heir Apparent, Senior Grand Secretary of State, Minister Superintendent of Trade for the Northern Ports of China, Viceroy of the Province of Chihli, and Earl of the First Rank, and Li Ching-fong, Ex-Minister of the Diplomatic Service, of the Second Official Rank;

And His Majesty the Emperor of Japan, Count Ito Hirobumi, Junii, Grand Cross of the Imperial Order of Paullownia, Minister President of State, and Viscount Mutsu Munemitsu, Junii, First Class of the Imperial Order of the Sacred Treasure, Minister of State for Foreign Affairs;

Who, after having exchanged their full powers, which were found to be in good and proper form, have agreed to the following Articles:—

ARTICLE I.—*Independence of Korea.*—China recognizes definitely the full and complete independence and autonomy of Korea, and in consequence the payment of tribute and the performance

of ceremonies and formalities by Korea to China, in derogation of such independence and autonomy, shall wholly cease for the future.

ARTICLE II.—*Cession of part of Fêngtien Province.*—China cedes to Japan in perpetuity and full sovereignty the following territories, together with all fortifications, arsenals, and public property thereon:

(*a*) The southern portion of the province of Fêngtien, within the following boundaries:—

The line of demarcation begins at the mouth of the River Yalu and ascends that stream to the mouth of the River An-ping; from thence the line runs to Fêng-huang; from thence to Haicheng; from thence to Ying-kow, forming a line which describes the southern portion of the territory. The places above named are included in the ceded territory. When the line reaches the River Liao at Ying-kow, it follows the course of that stream to its mouth where it terminates. The mid-channel of the River Liao shall be taken as the line of demarcation.

This cession also includes all islands appertaining or belonging to the province of Fêngtien, situated in the eastern portion of the Bay of Liao-tung and in the northern part of the Yellow Sea.

(*b*) The island of Formosa, together with all islands appertaining or belonging to said island of Formosa.

(*c*) The Pescadores Group, that is to say, all islands lying between the 119th and 120th degrees of longitude east of Greenwich and the 23rd and 24th degrees of north latitude.

ARTICLE III.—*Delimitation of ceded territory.*—The alignments of the frontiers described in the preceding Article and shown on the annexed map, shall be subject to the verification and demarcation on the spot, by a Joint Commission of Delimitation consisting of two or more Chinese and two or more Japanese Delegates to be appointed immediately after the exchange of the ratifications of this Act. In case the boundaries laid down in this act are found to be defective at any point, either on account of topography or in consideration of good administration, it shall also be the duty of the Delimitation Commission to rectify the same.

The Delimitation Commission will enter upon its duties as soon as possible and will bring its labors to a conclusion within the period of one year after appointment.

The alignments laid down in this Act shall, however, be maintained until the rectifications of the Delimitation Commission, if any are made, shall have received the approval of the Governments of China and Japan.

ARTICLE IV.—*War Indemnity to Japan.*—China agrees to pay to Japan as a war indemnity the sum of 200,000,000 Kuping Taels. The said sum is to be paid in eight installments. The first installment of 50,000,000 Taels to be paid within six months, and the second installment of 50,000,000 Taels to be paid within twelve months after the exchange of the ratifications of this Act. The remaining sum to be paid in six equal annual installments, as follows: The first of such equal annual installments to be paid within two years; the second within three years; the third within four years; the fourth within five years; the fifth within six years, and the sixth within seven years, after the exchange of the ratifications of this Act. Interest at the rate of *5 per centum per annum* shall begin to run on all unpaid portions of the said indemnity from the date the first installment falls due.

China shall, however, have the right to pay by anticipation at any time any or all of said installments. In case the whole amount of the said indemnity is paid within three years after the exchange of the ratifications of the present Act, all interest shall be waived and the interest for two years and a half or for any less period if then already paid, shall be included as a part of the principal amount of the indemnity.

ARTICLE V.—*Inhabitants of ceded territory.*—The inhabitants of the territory ceded to Japan, who wish to take up their residence outside the ceded districts shall be at liberty to sell their real property and retire.

For this purpose a period of two years from the date of the exchange of the ratifications of the present Act, shall be granted. At the expiration of that period those of the inhabitants who shall not have left such territories shall at the option of Japan, be deemed to be Japanese subjects.

Each of the two Governments shall immediately upon the exchange of the ratifications of the present Act, send one or more Commissioners to Formosa to effect a final transfer of that Province and within the space of two months after the exchange of the ratifications of this Act, such transfer shall be completed.

ARTICLE VI.—*Treaty of commerce and navigation to be negotiated.*—All treaties between China and Japan having come to an end in consequence of war, China engages immediately upon the exchange of the ratifications of this Act, to appoint Plenipotentiaries to conclude, with the Japanese Plenipotentiaries, a Treaty of Commerce and Navigation and a Convention to regulate Frontier Intercourse and Trade. The Treaties, Conventions, and Reg-

ulations now subsisting between China and European Powers shall serve as a basis for the said Treaty and Convention between China and Japan. From the date of the exchange of the ratifications of this Act until the said Treaty and Convention are brought into actual operation, the Japanese Government; its officials; commerce; navigation; frontier intercourse and trade; industries; ships, and subjects, shall, in every respect, be accorded by China most-favored-nation treatment.

China makes in addition the following concessions, to take effect six months after the date of the present Act:

1st.—*Opening of new localities in China to trade.*—The following cities, towns, and ports, in addition to those already opened, shall be opened to the trade, residence, industries, and manufactures of Japanese subjects, under the same conditions and with the same privileges and facilities as exist at the present open cities, towns, and ports of China.

(1) Shashih, in the province of Hupeh.
(2) Chungking, in the province of Szechuan.
(3) Suchow, in the province of Kiangsu.
(4) Hang-chow, in the province of Chekiang.

The Japanese Government shall have the right to station Consuls at any or all of the above-named places.

2nd.—*Navigation on Chinese inland waters.*—Steam navigation for vessels under the Japanese flag for the conveyance of passengers and cargo shall be extended to the following places:

(1) On the upper Yangtsze River, from I-chang to Chungking.

(2) On the Woo-sung River and the Canal, from Shanghai to Su-chow and Hang-chow. The Rules and Regulations which now govern the navigation of the inland waters of China by foreign vessels shall, so far as applicable, be enforced in respect of the above-named routes until new Rules and Regulations are conjointly agreed to.

3rd.—*Renting warehouses.*—Japanese subjects purchasing goods or produce in the interior of China or transporting imported merchandise into the interior of China, shall have the right temporarily to rent or hire warehouses for the storage of the articles so purchased or transported, without the payment of any taxes or exactions whatever.

4th.—*Right to manufacture in open localities.*—Japanese subjects shall be free to engage in all kinds of manufacturing industries

in all the open cities, towns, and ports of China, and shall be at liberty to import into China all kinds of machinery paying only the stipulated duties thereon.

All articles manufactured by Japanese subjects in China, shall in respect of inland transit and internal taxes, duties, charges and exactions of all kinds and also in respect of warehousing and storage facilities in the interior of China, stand upon the same footing and enjoy the same privileges and exemptions as merchandise imported by Japanese subjects into China.

In the event additional Rules and Regulations are necessary in connection with these concessions, they shall be embodied in the Treaty of Commerce and Navigation provided for by this Article.

ARTICLE VII.—*Evacuation of China.*—Subject to the provisions of the next succeeding Article, the evacuation of China by the armies of Japan shall be completely effected within three months after the exchange of the ratifications of the present Act.

ARTICLE VIII.—*Temporary military occupation of Wei-hai-wei. Its evacuation.*—As a guarantee of the faithful performance of the stipulations of this Act, China consents to the temporary occupation by the military forces of Japan, of Wei-hai-wei in the Province of Shantung.

Upon the payment of the first two installments of the war indemnity herein stipulated for and the exchange of the ratifications of the Treaty of Commerce and Navigation, the said place shall be evacuated by the Japanese forces, provided the Chinese Government consent to pledge, under suitable and sufficient arrangements, the Customs Revenue of China as a security for the payment of the principal and interest of the remaining installments of said indemnity. In the event no such arrangements are concluded, such evacuation shall only take place upon the payment of the final installment of said indemnity.

It is, however, expressly understood that no such evacuation shall take place until after the exchange of the ratifications of the Treaty of Commerce and Navigation.

ARTICLE IX.—*Prisoners of war.*—Immediately upon the exchange of the ratifications of this Act, all prisoners of war then held shall be restored and China undertakes not to ill-treat or punish prisoners of war so restored to her by Japan. China also engages to at once release all Japanese subjects accused of being military spies or charged with any other military offenses. China further engages not to punish in any manner nor to allow to be

punished, those Chinese subjects who have in any manner been compromised in their relations with the Japanese army during the war.

ARTICLE X.—*Cessation of military operations.*—All offensive military operations shall cease upon the exchange of the ratifications of this Act.

ARTICLE XI.—The present Act shall be ratified by their Majesties the Emperor of China and the Emperor of Japan, and the ratifications shall be exchanged at Chefoo, on the 14th day of the 4th month of the 21st year of Kwang Hsü, corresponding to the 8th day of the 5th month of the 28th year of Meiji. (May 8th, 1895.)

In witness whereof, the respective Plenipotentiaries have signed the same and have affixed thereto the seal of their arms.

Done at Shimonoseki, in duplicate, this 23d day of the 3d month of the 21st year of Kwang Hsü, corresponding to the 17th day of the 4th month of the 28th year of Meiji. (April 17th, 1895.)

(Signed)

APPENDIX II

Contract for the Construction and Operation of the Chinese Eastern Railway.—September 8, 1896.

Between the undersigned, His Excellency Shu King-chen, Minister Plenipotentiary of His Majesty the Emperor of China, at St. Petersburg, acting by virtue of an Imperial Edict, dated Kuang Hsü, 22nd year, 7th month, 20th day (August 16/28, 1896), of the one part, and the Russo-Chinese Bank, of the other part, it has been agreed as follows:

The Chinese Government will pay the sum of five million Kuping taels (Kuping Tls. 5,000,000.) to the Russo-Chinese Bank, and will participate in proportion to this payment in the profits and losses of the bank, on conditions set forth in a special contract.

The Chinese Government having decided upon the construction of a railway line, establishing direct communication between the city of Chita and the Russian South Ussuri Railway, entrusts the construction and operation of this railway to the Russo-Chinese Bank upon the following conditions:

1.—The Russo-Chinese Bank will establish for the construction and operation of this railway a company under the name of the Chinese Eastern Railway Company.

The seal which this Company will employ will be given to it by the Chinese Government. The statutes of this Company will be in conformity with the Russian usages in regard to railways. The shares of the Company can be acquired only by Chinese or Russian subjects. The president of this Company will be named by the Chinese Government, but paid by the Company. He may have his residence in Peking.

It will be the duty of the president to see particularly to the scrupulous fulfilment of the obligations of the Bank and of the Railway Company towards the Chinese Government; he will furthermore be responsible for the relations of the Bank and of the Railway Company with the Chinese Government and the central and local authorities.

The president of the Chinese Eastern Railway Company will likewise be responsible for examining all accounts of the Chinese Government with the Russo-Chinese Bank.

To facilitate local negotiations, the Russo-Chinese Bank will maintain an agent at Peking.

2.—The route of the line will be determined by the deputies of the president (named by the Chinese Government) of the Company, in mutual agreement with the engineers of the Company and the local authorities. In laying out this line, cemeteries and tombs, as also towns and villages, should so far as possible be avoided and passed by.

3.—The Company must commence the work within a period of twelve months from the day on which this contract shall be sanctioned by imperial decree, and must so carry it on that the whole line will be finished within a period of six years from the day on which the route of the line is definitely established and the lands necessary therefor are placed at the disposal of the Company. The gauge of the line should be the same as that of the Russian railways (5 Russian feet—about four feet, two and one-half inches, Chinese).

4.—The Chinese Government will give orders to the local authorities to assist the Company to the extent of their ability in obtaining, at current prices, the materials necessary for the construction of the railway, as also laborers, means of transport by water and by land, the provisions necessary for the feeding of men and animals, etc.

The Chinese Government should, as needed, take measures to facilitate such transportation.

5.—The Chinese Government will take measures to assure the

safety of the railway and of the persons in its service against any attack.

The Company will have the right to employ at will, as many foreigners or natives as it may find necessary for the purpose of administration, etc.

Criminal cases, lawsuits, etc., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.

6.—The lands actually necessary for the construction, operation, and protection of the line, as also the lands in the vicinity of the line necessary for procuring sand, stone, lime, etc., will be turned over to the Company freely, if these lands are the property of the State; if they belong to individuals, they will be turned over to the Company either upon a single payment or upon an annual rental to the proprietors, at current prices. The lands belonging to the Company will be exempt from all land taxes (*impôt foncier*).

The Company will have the absolute and exclusive right of administration of its land. (*La Société aura le droit absolu et exclusif de l'administration de ses terrains.*)

The Company will have the right to construct on these lands buildings of all sorts, and likewise to construct and operate the telegraph necessary for the needs of the line.

The income of the Company, all its receipts and the charges for the transportation of passengers and merchandise, telegraphs, etc., will likewise be exempt from any tax or duty. Exception is made, however, as to mines, for which there will be a special arrangement.

7.—All goods and materials for the construction, operation, and repair of the line, will be exempt from any tax or customs duty and from any internal tax or duty.

8.—The Company is responsible that the Russian troops and war material, despatched in transit over the line, will be carried through directly from one Russian station to another, without for any pretext stopping on the way longer than is strictly necessary.

9.—Passengers who are not Chinese subjects, if they wish to leave the territory of the railway, should be supplied with Chinese passports. The Company is responsible that passengers, who are not Chinese subjects, should not leave the territory of the railway if they do not have Chinese passports.

10.—Passengers' baggage, as well as merchandise despatched in transit from one Russian station to another, will not be subject

to customs duties; they will likewise be exempt from any internal tax or duty. The Company is bound to despatch such merchandise, except passengers' baggage, in special cars, which, on arrival at the Chinese frontier, will be sealed by the office of the Chinese Customs, and cannot leave Chinese territory until after the office of the Customs shall have satisfied itself that the seals are intact; should it be established that these cars have been opened on the way without authorization, the merchandise would be confiscated.

Merchandise imported from Russia into China by the railway, and likewise merchandise exported from China into Russia by the same route, will respectively pay the import and export duty of the Chinese Maritime Customs, less one-third.

If merchandise is transported into the interior it will pay in addition the transit duty—equivalent to a half of the import duty collected—which frees it from any further charge.

Merchandise not paying the transit tax will be subject to all the barrier and likin duties imposed in the interior.

The Chinese Government must install customs offices at the two frontier points on the line.

11.—The charges for the transportation of passengers and of merchandise, as well as for the loading and unloading of merchandise, are to be fixed by the Company, but it is obliged to transport free of charge the Chinese official letter post, and, at half price, Chinese land or sea forces and also Chinese war materials.

12.—The Chinese Government transfers to the Company the complete and exclusive right to operate the line on its own account and risk, so that the Chinese Government will in no case be responsible for any deficit whatsoever of the Company, during the time allotted for the work and thereafter for a further eighty years from the day on which the line is finished and traffic is in operation. This period having elapsed, the line, with all its appurtenances, will pass free of charge to the Chinese Government.

At the expiration of thirty-six years from the day on which the entire line is finished and traffic is in operation, the Chinese Government will have the right to buy back this line upon repaying in full all the capital involved, as well as all the debts contracted for this line, plus accrued interest.

If—in case the profit realized exceeds the dividends allowed to the shareholders—a part of such capital is repaid, that part will be deducted from the price of repurchase. In no case may the Chinese

Government enter into possession of this line before the appropriate sum is deposited in the Russian State Bank.

The day when the line is finished and traffic is in operation, the Company will make to the Chinese Government a payment of five million Kuping taels (Kuping Tls. 5,000,000).

Kuang Hsü, 22nd year,
8th month, 2nd day.
(Signed) SHU.

Berlin, August 27/September 8, 1896.
RUSSO-CHINESE BANK
(Signed) ROTHSTEIN.
(Signed) PRINCE OUKHTOMSKY.

APPENDIX III

The Russo-Chinese Bank was subsequently merged with the Banque du Nord under the name of the Russo-Asiatic Bank (*Banque Russo-Asiatique*) by a charter approved by the Russian Minister of Finance on July 30/August 12, 1910 (*Sobranie Uzakonenii i Rasporyazhenii Pravitelstva,* § 719, October 2/15, 1910, No. 96, Section 1). For extracts embodying the substance of the original charter of the Russo-Chinese Bank, under date of December 10/22 see *Rockhill,* p. 207. At page 185 of *Shina Kankei Tokushu Joyaku Isan* is given the Japanese translation of an agreement stated to have been concluded on the 20th day of the 7th moon of the 22nd year of Kuang Hsü (August 28, 1896) in regard to the Russo-Chinese Bank Association. The text, apparently translated from a Chinese original, is obscure; but the following is an approximate rendering:

Alleged Agreement between China and Russia regarding Russo-Chinese Bank Association.—August 28, 1896.

"Hsü, Chinese Minister Plenipotentiary to Russia, in pursuance of Imperial Orders of the 20th day of the 7th month of the 22nd year of Kuang Hsü, signed the following agreement in regard to the Russo-Chinese Bank Association:

"1.—The Chinese Government shall contribute a capital of 5,000,000 Kuping taels, and undertake the business in the form of an association under the name of the Russo-Chinese Bank. That is to say that, from the date that this amount is handed over

to the Bank, all profit and loss will be borne in proportion to shares.

"2.—When a general account is made up on the first day of the first month of the Russian calendar, the account of profit and loss of the Chinese Government up to the end of the year shall be calculated in Kuping taels, in proportion to the shares held by the Chinese Government.

"3.—With regard to the profits which are obtained in accordance with the Statutes of the Bank, after first deducting a certain portion which is to be offered to the Bank Manager(s) as a bonus in reward for diligence, the remainder of the profits shall be divided between the Chinese Government and the Bank in proportion to the shares held by each. Provided, however, that 10% shall be deducted from the profits of the dividends as a reserve fund, and that when the profit exceeds 6% of the capital, 20% shall be deducted from the amount that exceeds 6%, and shall be given as a bonus to the Manager(s). If there is a loss in the business, the loss for which the Chinese Government is liable shall be paid out of the reserve fund.

"4.—The monthly and annual reports of the said Bank shall, after obtaining the consent of the general meeting of shareholders, be transmitted by the Manager of the Bank residing in China to the Manager of the Chinese Eastern Railway appointed by the Chinese Government. After he has inspected them, the reports shall be returned.

"5.—If the Bank in question is closed as a result of circumstances or on account of losses, what remains of the capital is to be returned to the Chinese Government if, after balancing the accounts, the loss is found to be small."

APPENDIX IV

It was long persistently rumored that the concession for the Chinese Eastern Railway was a first-fruit of a secret political agreement between China and Russia, which attained notoriety under the name of "The Cassini Convention." In its issue of October 30, 1896, the *North China Herald* published what purported to be a translation of that Convention, in an article which is of sufficient historical interest to warrant its reproduction in full, as follows:

The Cassini Convention.

"28th Oct.

"As our Peking correspondent told us in his last letter, Count Cassini, the Russian Minister left Peking for Russia on the 30th of September. His baggage had been packed for three or more weeks, and the carts and mule litters were actually standing in the courts of the Russian Legation, but the Minister would not go until he could take with him duly signed and sealed 'an important agreement supposed to be the right of way for the Siberian railway across northern Manchuria.' With great difficulty we have succeeded in obtaining a copy of this agreement, and we now proceed to give an English translation of it. The numbers to the various clauses in this Convention have been added by us for convenience' sake:—

"A SPECIAL CONVENTION BETWEEN CHINA AND RUSSIA.

"His Imperial Majesty the Emperor of China having received the various benefits arising from the loyal support of His Imperial Majesty the Emperor of Russia at the close of the late war between China and Japan, and being desirous that the communications between the frontier territories of their respective empires and the international commerce of the two countries be managed to their mutual advantage, has commanded the mutual settlement of certain matters in order the better to consolidate the basis of friendship between the two empires. In this connection, therefore, H.I.M. the Emperor of China has specially appointed the Imperial High Commissioners the Princes and Great Officers of the Crown composing the Imperial Chinese Ministry of War, with plenipotentiary powers, to confer and agree upon certain matters, at Peking, with His Excellency Count Cassini, Envoy Extraordinary and Minister Plenipotentiary of H.I.M. the Emperor of Russia to the Court of China, concerning the connecting of the railway system of the Three Eastern Provinces [Fêngtien, Kirin, and Heilungchiang] with that of the Imperial Russian railway in the province of Siberia, with the object of facilitating the transport of goods between the two empires and of strengthening the frontier defences and seacoasts. And, furthermore, to agree upon certain special privileges to be conceded by China to Russia as a response to the loyal aid given by Russia in the retrocession of Liaotung and its dependencies.

"1.—Owing to the fact that the Russian Great Siberian Railway is on the point of completion, China consents to allow Russia to prolong her railway into Chinese territories (*a*) from the Russian port of Vladivostok into the Chinese city of Hunch'un in the province of Kirin, from thence northwestwards to the provincial capital of Kirin, and (*b*) from a railway station of some city in Siberia to the Chinese town of Aiyun in Heilungchiang province, from thence southwestwards to the provincial capital of Tsitsihar and from thence to the town of Petunê, in Kirin province, and from thence southeastwards to the provincial capital of Kirin.

"2.—All railways built by Russia into the Chinese provinces of Heilungchiang and Kirin shall be built at the sole expense of Russia and the regulations and building thereof shall be solely on the Russian system, with which China has nothing to do, and the entire control shall be in the hands of Russia for the space of thirty years. At the end of the said period China shall be allowed to prepare the necessary funds wherewith, after proper estimation of the value of the said railways, she shall redeem them, the rolling stock, machine shops, and buildings connected therewith. But as to how China will at that date redeem these railways shall be left for future consideration.

"3.—China is now in the possession of a railway which she intends to extend from Shanhaikuan into the provincial capital of Fêngtien, namely Moukden (Shengking), and from Moukden to the provincial capital of Kirin. If China should hereafter find it inconvenient to build this road she shall allow Russia to provide the funds to build the railway from the city of Kirin, on behalf of China, the redemption of which road shall be permissible to China at the end of ten years. With reference to the route to be taken by this railway, Russia shall follow the surveys already made by China in connection therewith, from Kirin to Moukden, Newchwang, etc.

"4.—The railway to be built by China beginning from Shanhaikuan, in Fêngtien, to Newchwang, to Kaiping, to Chinchou, to Lushunk'ou [Port Arthur], and to Talienwan, and their dependencies, shall follow the Russian Railway regulations in order to facilitate the commercial intercourse between the respective Empires.

"5.—With reference to the railways to be built by Russia into Chinese territory, the routes along which the said roads shall pass must be protected, as usual, by the local civil and military officials

of the country. They shall, moreover, afford all facilities and aid to the civil and military officials of Russia at the various railway stations, together with all the Russian artisans and labourers connected therewith. But owing to the fact that the said railways will pass for the greater part through barren and sparsely inhabited territory in which it will be difficult for the Chinese authorities to be always able to grant the necessary protection and aid, Russia shall be allowed to place special battalions of horse and foot soldiers at the various important stations for the better protection of the railway property.

"6.—With reference to the Customs duties to be collected on goods exported from and imported into the respective countries by the said railways, they shall follow the regulations provided by the Treaty of Commerce between China and Russia, ratified in the 1st year of the reign of T'sung Chih, 4th day, 2nd moon [20th February 1862 O.S.], regulating overland transit of goods between the two empires.

"7.—There has always been in existence a rule prohibiting the exploitation of the mines in Heilungchiang and Kirin provinces and in the Ch'angpai mountains [Long White Mountain range]. After the ratification of this treaty, Russians and subjects of the Chinese empire shall be permitted hereafter to exploit and open any of the mines therein mentioned; but before doing so they shall be required first to petition the Chinese local authorities on the subject who, on the other hand, shall grant the necessary commissions (*huchao*) in accordance with the mining regulations in force in China Proper.

"8.—Although there exist certain battalions of foreign-drilled troops (*Lienchun*) in the Three Eastern Provinces, yet the greater portion of the local territorial army corps thereof still follow the ancient regulations of the empire. Should, therefore, China in the future require to reform in accordance with the Western system the whole army organization of the said provinces, she shall be permitted to engage from Russia qualified military officers for that purpose and the rules for the guidance of this arrangement shall be in accordance with those obtaining in the Liangkiang provinces in regard to the German military officers now engaged there.

"9.—Russia has never possessed a seaport in Asia which is free from ice and open all the year round. If, therefore, there should suddenly arise military operations in this continent it will naturally be difficult for the Russian Eastern Seas and Pacific fleets to move about freely and at pleasure. As China is well aware of

this she is willing to lease temporarily to Russia the port of Kiaochou [Chiaochou] in the province of Shantung, the period of such lease being limited to fifteen years. At the end of this period China shall buy all the barracks, godowns, machine shops and docks built there by Russia [during her occupation of the said port]. But, should there be no danger of military operations Russia shall not enter immediately into possession of the said port or hold the important points dominating the port, in order to obviate the chance of exciting the jealousy and suspicions of other Powers. With reference to the amount of rent and the way it is to be paid, this shall form the subject of consideration in a protocol at some future date.

"10.—As the Liaotung ports of Lushunk'ou [Port Arthur] and Talienwan and their dependencies are important strategical points, it shall be incumbent upon China to properly fortify them with all haste, and to repair all their fortifications, etc., in order to provide against future dangers; Russia shall therefore lend all necessary assistance in helping to protect these two ports and shall not permit any Foreign Power to encroach upon them. China, on her part, also binds herself never to cede them to another country; but, if in future the exigencies of the case require it and Russia should find herself suddenly involved in a war, China consents to allow Russia temporarily to concentrate her land and naval forces within the said ports in order the better to enable Russia to attack the enemy or to guard her own position.

"11.—If, however, there be no dangers of military operations in which Russia is engaged China shall have entire control over the administration of the said ports of Lushunk'ou and Talienwan, nor shall Russia interfere in any way therein. But as regards the building of the railways in the Three Eastern Provinces and the exploitation and opening of the mines therein, they shall be permitted to be proceeded with immediately after the ratification of this Convention and at the pleasure of the people concerned therein. With reference to the civil and military officers of Russia and Russian merchants and traders traveling [in any part of the territories herein mentioned], wherever they shall go they shall be given all the privileges of protection and facilities within the power of the local authorities, nor shall these officials be allowed to put obstructions in the way or delay the journeys of the Russian officers and subjects herein mentioned.

"12.—After this Convention shall have received the respective signatures of their Imperial Majesties [the Emperors of China and

Russia], the articles included therein shall go into immediate force, and, with the exception of the clauses regarding Port Arthur, Talienwan, and Kiaochou, shall be notified to the various local authorities of the two Empires. As to the place for the exchange of ratifications, it shall be left to be decided at some future time, but the exchange shall take place within the space of six months.

"It has, furthermore, been agreed upon between the respective Plenipotentiaries of the High Contracting Powers to make this Convention out in three languages, namely, Chinese, Russian and French; one copy of each language to be held by the respective High Contracting Parties, after the signing and sealing thereof. And it has, furthermore, been shown, upon comparison, that the contents of the documents as given in the three languages aforesaid tally with each other in all respects; but in case of dispute in the future the wording of the French copy shall be deemed the correct version.

"This document speaks for itself, and gives Russia all she can want at present. It gives her the right to carry her Trans-Siberian Railway to Kirin in two directions, from some station in Siberia to the west of Kirin, and from Vladivostok. It provides that China may apply to Russia to build a continuation from Kirin to Shanhaikuan and Port Arthur, and it gives Russia the right to protect these lines when built with her own troops. All these lines are to be built to the Russian gauge. China gives Russians the right to work mines in Manchuria, and provides for the employment of Russian officers to drill the Manchurian levies. It gives Russia (on lease) the port of Kiaochou, and on emergency the use of Port Arthur and Talienwan, which are not to be ceded to any other Power; and it promises every facility to Russian merchants and travellers and Russian trade. All the most important points in the secret treaty which we gave to the world in March last are embodied in this, and time will show whether this is the full extent of China's gratitude to Russia."

APPENDIX V

In an article entitled "Manchuria—A Chinese View of the Situation," by "An Admirer of Li Hung Chang," which was published in the London *Daily Telegraph* of February 15, 1910, it was stated that while attending the Coronation ceremonies of

Emperor Nicholas at Moscow, in May, 1896, Li Hung Chang concluded with the Russian Minister for Foreign Affairs (Prince Lobanoff-Rostovsky) a secret treaty of alliance, the French text of which was given together with the following English translation:

Treaty of Alliance between China and Russia.—May, 1896.

"Article I.—Every aggression directed by Japan, whether against Russian territory in Eastern Asia, or against the territory of China or that of Korea, shall be regarded as necessarily bringing about the immediate application of the present treaty.

"In this case the two High Contracting Parties engage to support each other reciprocally by all the land and sea forces of which they can dispose at that moment, and to assist each other as much as possible for the victualling of their respective forces.

"Article II.—As soon as the two High Contracting Parties shall be engaged in common action no treaty of peace with the adverse party can be concluded by one of them without the assent of the other.

"Article III.—During the military operations all the ports of China shall, in case of necessity, be open to Russian warships, which shall find there on the part of the Chinese authorities all the assistance of which they may stand in need.

"Article IV.—In order to facilitate the access of the Russian land troops to the menaced points, and to ensure their means of subsistence, the Chinese Government consents to the construction of a railway line across the Chinese provinces of the Amour [i.e., Heilungkiang] and of Guirin (Kirin) in the direction of Vladivostok. The junction of this railway with the Russian railway shall not serve as a pretext for any encroachment on Chinese territory nor for any infringement of the rights of sovereignty of his Majesty the Emperor of China. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank, and the clauses of the Contract which shall be concluded for this purpose shall be duly discussed between the Chinese Minister in St. Petersburg and the Russo-Chinese Bank.

"Article V.—It is understood that in time of war, as indicated in Article I, Russia shall have the free use of the railway mentioned in Article IV, for the transport and provisioning of her troops. In time of peace Russia shall have the same right for the transit of her troops and stores, with stoppages, which shall not

be justified by any other motive than the needs of the transport service.

"ARTICLE VI.—The present treaty shall come into force on the day when the contract stipulated in Article IV, shall have been confirmed by his Majesty the Emperor of China. It shall have from then force and value for a period of fifteen years. Six months before the expiration of this term the two High Contracting Parties shall deliberate concerning the prolongation of this treaty."

The substantial accuracy of the disclosure thus made would appear to be adequately confirmed by the following extract translated from *Ma Mission en Chine: 1893-1897* (Paris, Plon-Nourrit), 1918, by M. A. Gerard, who during the period indicated was French Minister to China:

"Although the treaty was intended to remain secret, I one day had in my hands for a few minutes, during a visit which I made in the spring of 1897 to Li Hung Chang at his residence in Peking, the copy of the document which he had signed the previous year with Prince Lobanoff. . . . The English translation of this text was published fifteen years later, when the treaty itself had expired, in the London *Daily Telegraph,* by the son of Li Hung Chang, Li Ching Mai, who was then Chinese Minister at the Court of St. James, and who sought to defend his father's memory against unjust attacks. The treaty was in fact a treaty of alliance, concluded for a period of fifteen years, by which the Chinese Government obligated itself, in the event of an aggression by Japan, to place at the disposal of the Russian Government its ports and all means of defence. The principal clause of the treaty was the assent given by the Chinese Government to the construction and operation, in the Manchurian provinces of Amur (Heilungkiang) and Kirin, of a line of railway connecting with the Russian Siberian lines, the concession for which was made to the Russo-Chinese Bank by a contract to be signed between the Chinese Minister at St. Petersburg and the delegate of the Bank (Article IV). It was stipulated in Article VI that the treaty should come into force on the day on which the contract for the construction and operation of the railway should have been approved and ratified by the Emperor of China. . . .

"The English newspapers at Shanghai had published, long before it was signed, the alleged text of the treaty and of the contract. They published another so-called version in the month of October, 1896, some days after the ratification at Peking of the contract

in regard to the railway. These various texts, to which the English press gave the name of the "Cassini Convention," were apocryphal. They confused the treaty of alliance, properly so called, with the railway contract. . . . The true facts as here outlined establish that there never was, properly speaking, any 'Cassini Convention'; that the treaty of alliance was concluded at St. Petersburg in the month of May, 1896, between Li Hung Chang and Prince Lobanoff; that the railway contract was signed on September 8th following, also at St. Petersburg, by the Chinese Minister, Shu Ching Cheng, and the delegates of the Russo-Asiatic Bank; and that it was this contract for whose definite ratification at Peking on September 30th Count Cassini waited before proceeding on his way to Russia."

APPENDIX VI

Statutes of the Chinese Eastern Railway Company

"Formation of the Company.—§ 1. On the strength of the Agreement concluded on the 27th August/8th September, 1896, by the Imperial Chinese Government with the Russo-Chinese Bank, a Company is formed under the name of the "Eastern Chinese Railway Company" for the construction and working of a railway within the confines of China from one of the points on the western borders of the Provinces of Hei-Lun-Tsian, to one of the points on the eastern borders of the Province of Ghirin and for the connection of this railway with those branches which the Imperial Russian Government will construct to the Chinese frontier from Trans-Baikalia and the southern Ussuri lines. [*Observation.* The Company is empowered, subject to the sanction of the Chinese Government, to exploit, in connection with the railway or independently of it, coal mines, as also to exploit in China other enterprises—mining, industrial, and commercial. For the working of these enterprises which may be independent of the railway, the Company shall keep accounts separate from those of the railway.]

"The formation of the Company shall be undertaken by the Russo-Chinese Bank.

"With the formation of the Company all rights and obligations are transferred to it in regard to the construction and working of the line ceded in virtue of the above-named Agreement of the 27th August/8th September, 1896.

"The Company shall be recognized as formed on the presentation to the Minister of Finances of a warrant of the State Bank certifying the payment of the first instalment on the shares. In any case such payment must be made not later than two months from the day of confirmation of the present Statutes.

"The succeeding instalments on the shares shall be paid in such orders of gradation that the shares shall be fully paid up at their nominal value not later than one year from the day of formation of the Company.

"Owners of shares of the Company may only be Russian and Chinese subjects.

"*Term of Concession.*—§ 2. In virtue of the Agreement with the Chinese Government, the Company shall retain possession of Chinese Eastern Railway during the course of eighty years from the day of the opening of traffic along the whole line.

"*Obligation towards the Russian Government.*—§ 3. In recognition that the enterprise of the Chinese Eastern Railway will be realized only owing to the guarantee given by the Russian Government in regard to the revenue of the line for covering working expenses as well as for effecting the obligatory payments on the bonds (§§ 11, 16), the Company, on its part, binds itself to the Russian Government during the whole term of the Concession under the following obligations:—

"(*a*) The Chinese Eastern Railway with all its appurtenances and rolling-stock must be always maintained in full order for satisfying all the requirements of the service of the line, in regard to the safety, comfort, and uninterrupted conveyance of passengers and goods;

"(*b*) The traffic on the Chinese Eastern line must be maintained conformably with the degree of traffic on the Russian railway lines adjoining the Chinese line;

"(*c*) The trains of all descriptions running between the Russian Trans-Baikal and Ussuri lines shall be received by the Chinese Eastern Railway and dispatched to their destination in full complement without delay;

"(*d*) All through trains, both passenger and goods, shall be dispatched by the Eastern Chinese railway at rates of speed not lower than those which shall be adopted on the Siberian Railway;

"(*e*) The Chinese Eastern Railway is bound to establish and maintain a telegraph along the whole extent of the line and to connect it with the telegraph-wire of the Russian adjoining railways, and to receive and dispatch without delay through telegrams

sent from one frontier station of the line to another, as also telegrams sent from Russia to China, and conversely;

"(*f*) Should, with the development of traffic on the Chinese Eastern Railway, its technical organization prove insufficient for satisfying the requirements of a regular and uninterrupted passenger and goods traffic, the Chinese Eastern Railway shall immediately, on receipt of a notification on the part of the Russian railways to augment its capacity to a corresponding degree, adopt the necessary measures for further developing its technical organization and the traffic on it. In the event of a difference of opinion arising between the above-mentioned railways, the Chinese Eastern Railway shall submit to the decision of the Russian Minister of Finances. If the means at the command of the Chinese Eastern Railway prove insufficient for carrying out the necessary work of its development, the Board of Management of the railway may at all times apply to the Russian Minister of Finances for pecuniary assistance on the part of the Russian Government;

"(*g*) For all transit conveyance of passengers and goods, as also for the transmission of telegrams there will be established by agreement of the Company with the Russian Government for the whole term of duration of the Concession (§ 2), maximum tariffs, which cannot be raised without the consent of the Russian Government during the whole term above referred to. Within these limits the tariffs of direct communication both for railway carriage and telegrams will be fixed by the Board of Management of the Company on the strength of a mutual agreement with the Russian Minister of Finances;

"(*h*) The Russian letter and parcels-post, as also the officials accompanying the same, shall be carried by the Chinese Eastern Railway free of charge.

"For this purpose the company shall set apart in each ordinary passenger train a carriage compartment of 3 fathoms in length. The Russian postal authorities may, moreover, if they deem it necessary, place on the line postal carriages, constructed by them at their own cost; and the repair, maintenance (interior fittings excepted) as well as the running of such carriages with the trains shall be free of charge and at the cost of the railway.

"The above-mentioned engagements, by which, as already stated, the grant of a guarantee by the Russian Government is conditioned and the consequent realization of the enterprise of the Chinese Eastern Railway, shall be binding on the railway until the same, after the expiration of the eighty years' term of the Concession,

shall without payment become the property of the Chinese Government (§ 29). The redemption of the line from the Company before the above-mentioned term in accordance with § 30 of the present Statutes shall not in any way diminish the effect of the above specified engagements, and these latter, together with the railway, shall be transferred to its new proprietor.

"In the same manner during the course of the whole eighty years' term of the Concession (§ 2) the following privileges granted to the railway by the Imperial Chinese Government shall remain in force:—

"(*a*) Passengers' luggage, as also goods, carried in transit from one Russian station shall not be liable to any Chinese customs duties, and shall be exempt from all internal Chinese dues and taxes;

"(*b*) The rates for the carriage of passengers and goods, for telegrams, &c., shall be free from all Chinese taxes and dues;

"(*c*) Goods imported from Russia into China by rail and exported from China to Russia in the same manner shall pay respectively an import or export Chinese duty to the extent of one-third less as compared with the duty imposed at Chinese seaport custom-houses.

"(*d*) If goods imported by the railway are destined for conveyance inland they shall in such case be subject to payment of transit duty to the extent of one-half of the import duty levied on them, and they shall then be exempted from any additional imposts. Goods which shall not have paid transit duty shall be liable to payment of all established internal barrier and likin dues.

"*Immunities of the Company in Regard to Russian Customs Dues.*—§ 4. In regard to the place of acquisition of materials for the requirements of the railway, the Company shall not be liable to any limitations.

"If materials be obtained beyond the confines of Russia, they shall, on importation through Russian territory, be freed from payment of Russian customs duties.

"*Technical Conditions; Periods of Time for the Commencement and Termination of the Work.*—§ 5. The breadth of the railways track must be the same as that of the Russian lines (5 feet).

"The Company must commence the work not later than the 16th August, 1897, and conduct it in such a manner that the whole line shall be completed not later than six years from the

time when the direction of the line shall be finally determined and the necessary land assigned to the Company.

"When tracing the line of the railway, cemeteries and graves, as also towns and villages, must as far as possible, be left aside of the railway.

"When effecting the connection, in accordance with § 1 of these Statutes, of the Chinese Eastern Railway with the Russian Trans-Baikal and South Ussuri lines the Company shall have the right, with a view of reduction of expenditure, of abstaining from building its own frontier stations and of utilizing the frontier stations of the above-named Russian lines. The conditions on which they shall be utilized shall be determined by agreement of the Board of the Company with the Boards of the respective railways.

"*Tariffs.*—§ 6. The tariffs for the carriage of passengers and goods, as also for supplementary carriage rates, shall be determined by the Company itself, within the limits indicated in § 3.

"*Order of Examination of Legal Suits, and the Establishment of Rules for Railway Conveyance.*—§ 7. Offences, litigation, &c., on the territory of the Chinese Eastern Railway shall be dealt with by local authorities, Chinese and Russian, on the basis of existing Treaties.

"In regard to the carriage of passengers and goods, the responsibility for such conveyance, the lapse of time for claims, the order of recovering money from the railway when adjudged, and the relations of the railway to the public shall be defined in rules drawn up by the Company and established before the opening of the railway traffic; these rules shall be framed in accordance with those existing on Russian railways.

"*Maintenance of Security and Order on the Railway.*—§ 8. The Chinese Government has undertaken to adopt measures for securing the safety of the railway and of all employed on it against any extraneous attacks.

"The preservation of law and order on the lands assigned to the railway and its appurtenances shall be confided to police agents appointed by the Company.

"The Company shall for this purpose draw up and establish police regulations.

"*Foundation Capital of the Company.*—§ 9. The whole amount of the capital of the Company shall be determined according to the cost of construction calculated on the basis of estimates framed when the survey of the line was carried out. The foundation capital shall be charged with—

"(*a*) The payment of interest and amortization of the foundation capital during the construction of the railway;

"(*b*) The purchase from the Russian Government of the results of the surveys of the direction of the railway to Manchuria, which were made by Russian engineers, the sum payable for these surveys being determined by agreement of the Russian Minister of Finances with the Company.

"The capital of the Company shall be formed by the issue of shares and bonds.

"*Share Capital.*—§ 10. The share capital of the Company shall be fixed at 5,000,000 nominal credit roubles, and divided into 1,000 shares at 5,000 nominal credit roubles.

"The shares are to be issued at their nominal value.

"The guarantee of the Russian Government does not extend to them.

"*Bond Capital; Guarantee of Russian Government on Bonds.*—§ 11. The remaining portion of the capital of the Company will be formed by the issue of bonds. The bonds will be issued as required, and each time with the special sanction of the Minister of Finances. The nominal amount and value of each separate issue of bonds, the time and condition of the issue, as also the form of these bonds, shall be subject to the sanction of the Minister of Finances.

"The Russian Government will guarantee the interest on and amortization of the bonds.

"For the realization of these bonds the Company must have recourse to the Russo-Chinese Bank, but the Russian Government reserves to itself the right of appropriating the bond loan at a price which shall be determined between the Company and the Bank, and to pay the Company the agreed amount in ready money.

"*Guarantee of Realized Bond Capital.*—§ 12. As payments are received for bonds guaranteed by the Russian Government, the Company shall be bound to keep such sums, or interest bearing securities purchased with the same by permission of the Russian Minister of Finances, under the special supervision of the Russian Ministry of Finances.

"Out of the above receipts the Company shall have the right to make the following payments:—

"(*a*) According to actual fulfilment of the work in progress, and execution of orders and at the time when various expenditures shall become necessary, such payments to be made on the scale and on the conditions specified in the working estimates;

"(*b*) During the construction of the line, of interest, as it becomes due, on the bonds issued by the Company, subject to the conditions of their issue, and the Company shall pay the sums necessary for the above purpose within the limits of the amount realized by it in the issue of its bonds.

"*Shares.*—§ 13. On the payment of the first allotment on the shares, the founders shall receive temporary certificates on which subsequently, when the Board of Management of the Company shall have been formed, the receipt of the further instalments on the shares will be inscribed.

"When the shares shall be fully paid up the temporary certificates issued to the founders shall be replaced by shares.

"The shares of the Company are issued to bearer, under the signature of not fewer than three members of the Board of Management. To the shares will be attached a coupon sheet for the receipt once yearly under them of any dividend that may be payable.

"On the coupon sheets becoming exhausted new sheets will be issued.

"A dividend on the shares out of the net profits of any year, supposing such accrue, shall be payable on the adoption by the general meeting of shareholders of the Annual Report for that year, and the dividend shall be payable at the offices of the Company, or at such places which it may indicate.

"The Company shall notify for general information in the 'Official Gazette' and in the 'Finance Messenger,' as also in one of the Chinese newspapers, the amount and place of payment of the dividend.

"*Reserve Capital.*—§ 14. The reserve capital is destined—

"(*a*) For the capital repair of the railway, its buildings and appurtenances;

"(*b*) For defraying extraordinary expenditure of the Company in repairing the railway and its appurtenances.

"The reserve capital of the Company is formed out of annual sums put aside from the net profits of the working of the railway ($17).

"The reserve capital must be kept in Russian State interest bearing securities, or in railway bonds guaranteed by the Russian Government.

"At the expiration of the term of possession of the railway by the Company the reserve capital shall be first of all employed in the payment of the debts of the Company, including among them

sums due to the Russian Government, if such exist; after the debts of the Company shall have been paid, the remainder of the reserve capital shall be divided among the shareholders. In the event of the redemption of the railway by the Chinese Government this reserve capital becomes the property of the shareholders.

"*Net Revenue.*—§ 15. The net revenue of the Company shall be the remainder of the gross receipts, after deduction of working expenses.

"Under these expenses are classed:—

"(*a*) General outlays, including assignments towards pension and relief funds, if such be established on the line;

"(*b*) Maintenance of the Staff of the Board of Management, and of all the services; as also the maintenance of employés and labourers not on the permanent list;

"(*c*) Outlays for materials and articles used for the railways as also expenditure in the shape of remuneration for the use of buildings, rolling-stock, and other various requisites, for the purposes of the railway.

"(*d*) Outlays for the maintenance, repair and renewal of the permanent way, works of construction, buildings, rolling-stock, and other appurtenances of the railway;

"(*e*) Expenditure connected with the adoption of the measures and instructions of the Board of Management for insuring the safety and regularity of the railway service;

"(*f*) Expenditure for the improvement and development of the railway, as also for creating and developing its resources.

"*Additional Payments by the Russian Government Under the Guarantee, and the Order of Settlement of Accounts between the Company and the Russian Government in Respect of these Additional Payments.*—§ 16. Should the gross receipts of the railway prove insufficient for defraying the working expenses and for meeting the yearly payments due on the bonds, the Company will receive the deficient sum from the Russian Government through the Russian Minister of Finances. The payments referred to will be made to the Company as advances, at a rate of interest of 6 per cent. per annum. Sums paid in excess to the Company in consequence of its demands and on account of the guarantee will be deducted from succeeding money payments.

"On the presentation to the general meeting of shareholders of the annual report of the working of the railway for a given year the Company shall at the same time submit to the general meeting, for confirmation, a detailed statement of the sums owing by the

Company to the Russian Government, with the interest that has accrued thereon. On the confirmation of this statement by the general meeting, the Board of Management shall deliver to the Russian Government an acknowledgment of the Company's debt, to the full determined amount of the same, and this acknowledgment, until its substitution by another, shall bear annually interest at the rate of 6 per cent.

"The acknowledgment above mentioned given by the Board of Management to the Russian Government shall not be subject to bill or deed stamp tax.

. . . . . .

"[Subjects of minor importance are dealt with in the following sections:—

"§ 17. Distribution of net profits of the railway.

"§ 18. Functions of Board of Management, the seals of which will be at Peking and St. Petersburg.

"§ 19. Constitution of the Board, which is to consist of nine members elected by the shareholders. The Chairman is to be appointed by the Chinese Government; the Vice-Chairman is to be chosen by the members of the Board from among themselves.

"§ 20. Order of transaction of the business of the Board.

"§ 21. General meetings of shareholders and the subjects that shall come under their notice.

"§ 22. Order of convening general meetings.

"§ 23. Conditions under which general meetings shall be recognized as legally held.

"§ 24. Participation of shareholders in proceedings of general meetings.

"§ 25. Local management of works of construction.

"§ 26. Local management of railway when in working order.

"§ 27. Questions to be submitted for confirmation by Russian Minister of Finances.

"§ 28. Committee of audit.]

"*Gratuitous Entrance into Possession of Railway by Chinese Government.*—§ 29. In accordance with the Agreement concluded with the Chinese Government, the latter, after the expiration of eighty years of possession of the railway by the Company, enters into possession of it and its appurtenances.

"The reserve and other funds belonging to the Company shall be employed in paying the money due to the Russian Government under the guarantee (§ 16) and in satisfaction of other debts of

the Company, and the remainder shall be distributed among the shareholders.

"Any money that may remain owing by the Company to the Russian Government at the expiration of eighty years in respect of the guarantee shall be written off.

"The Russo-Chinese Bank will incur no responsibility in respect of the same.

"Right of the Chinese Government to Acquire the Railway on the Expiration of Thirty-six years.—§ 30. In accordance with the agreement concluded with the Chinese Government, on the expiration of thirty-six years from the time of completion of the whole line and its opening for traffic, the Chinese Government has the right of acquiring the line, on refunding to the Company in full all the outlays made on it, and on payment for everything done for the requirements of the railway, such payments to be made with accrued interest.

"It follows as a matter of course that the portion of the share capital which has been amortized by drawing and the part of the debt owing to the Russian Government under the guarantee and repaid out of the net profits (§ 17) will not constitute part of the purchase money.

"In no case can the Chinese Government enter into possession of the railway before it has lodged in the Russian State Bank the necessary purchase money.

"The purchase money lodged by the Chinese Government shall be employed in paying the debt of the Company under its bonds and all sums, with interest, owing to the Russian Government, the remainder of the money being then at the disposal of the shareholders."

APPENDIX VII

Russian Imperial Ukaz regarding Jurisdiction in Chinese Eastern Railway Zone.—August 2, 1901.

"The construction of the Chinese Eastern Railway and the realization of the enterprises dependent upon it have attracted a great number of Russians to the line of the railway, which passes through the territories of China, where Our subjects, by virtue of the treaties concluded between the Imperial Government and the Government of the Bogdokhan, have the right of being judged

in accordance with Russian laws. Desiring to place on a firm basis of justice the actions that may arise between Russian subjects on the line of exploitation of the above-mentioned railway, We have found it good to submit these actions to the competence of the nearest tribunals of the Empire.

"Having studied and approved the proposals elaborated on this subject by a Special Commission under Our orders, We decree:

"1.—In order to enforce justice and preventive measures upon the line of exploitation of the Chinese Eastern Railway, in matters which are within the competence of the Russian judicial authorities, to establish the posts of Justices of the Peace, submitting the above-mentioned line of exploitation to the jurisdiction of the nearest district courts of the Empire.

"2.—To define as follows the jurisdiction of the judicial institutions mentioned in § 1:

"a) The competency of these institutions includes matters arising on the line of exploitation of the Chinese Eastern Railway between Russian subjects exclusively, and particularly, in criminal matters, where the accused and the injured parties are Russians, and in civil matters, where both sides, plaintiff and defendant, are Russian subjects: the judicial institutions act, in the examination and decision of cases, as well as in preliminary investigations, in accordance with §§ 84, 88, 89 and 90 of the Temporary Regulations for the Administration of the Kwantung Region.

"b) The Russian judicial authorities have the right to make preliminary investigations in criminal matters arising on the above-mentioned line, when the identity of the accused person is unknown but the injured party is a Russian subject; but if in the course of the inquiry it appears that the accused person is not a Russian subject, the case should be referred to the proper quarter by the official of the Ministry for Foreign Affairs stationed in Manchuria, or by the Russian Consul in Newchang if the matter arose within the limits of the above-mentioned open port.

"c) To extend the arrangement outlined in this paragraph to the Southern Branch of the Chinese Eastern Railway, with the exception of that portion of it which traverses the Kwantung Region.

"3.—To transfer to the Governor-General of the Amur Region, in so far as concerns matters that arise within the jurisdiction of the Justices of the Peace, who are under the control of the district courts of the Governor-General of the Amur Region, the rights and duties attaching to the chief of the Kwantung Region in those

cases specified in Remark (a) to Article 96 of the Temporary Regulations for the Administration of the Kwantung Region.

"4.—To impose upon the frontier guards of the Trans-Amur Region the duty of executing the judgment and orders of the Justices of the Peace and other legal institutions, as well as the serving of summons and other documents on the parties, on the line of the Chinese Eastern Railway.

"5.—In supplement to the present arrangements of those judicial institutions, to institute for each of the district courts of Vladivostok and Chita, as well as for the Appeal Court of Irkutsk, the post of Assistant Prosecutor in each of these tribunals.

"6.—To give to each of the officials mentioned above in §§ 1 and 5 the maintenance, rights and privileges established by the Temporary Regulations for the Administration of the Kwantung Region for the Justices of the Peace of that Region and for the Assistant Prosecutor of the District Court of Port Arthur, with the exception that they are to receive lodgings instead of an allowance for that purpose.

"7.—To entrust to the Minister of Justice, after a preliminary understanding with the Minister of Finance, the appointment of the Justices of the Peace established on the line of the Chinese Eastern Railway, and the determination of their number, their place of residence, and their dependence upon the District Courts of the Empire.

"8.—To insert annually in the budget of the Ministry of Justice the sums necessary for the maintenance of the officials mentioned in §§ 1 and 5, to an amount to be determined by the Minister of Justice in accord with the Minister of Finance, and in reimbursement of this expenditure by the State, to demand from the treasury of the Chinese Eastern Railway the payment of a sum equivalent to this amount. Apart from the yearly payment of the said sum, to impose upon the said Company the obligation: (a) To furnish the Justices of the Peace and the Assistant Prosecutors, on the line of the Chinese Eastern Railway, lodgings and their transportation within the limits of their districts; and (b) To reimburse to the Government Treasury all expenses incurred by them and all the transportation money and all sums established by law for their maintenance during their transit to their posts.

"9.—To give the Chinese Eastern Railway Company the right to sue civil cases and to be defendant in civil cases, in matters concerning its property, upon the terms specified in Section I, Book III, of the Code of Civil Procedure (Articles 1282-99 [Re-

lating to suits by or against Governmental institutions.—EDITOR.]; Volume XVI, Chapter I, Collection of Laws, edition of 1892), and with the application of the provisions contained in Remark 2 to Article 1289 of the Code of Civil Procedure.

"10.—To extend to employees of the Chinese Eastern Railway, in respect to criminal prosecutions against them for wrong-doing in the course of their functions, and claims against them for loss or damage due to their carelessness, neglect or delay, the provisions established in Articles 1066-1123 of the Judicial Regulations and 1316-1330 of the Code of Civil Procedure [Relating to claims against Government agents and officials in connection with their functions.—EDITOR] (Collection of Laws, Volume XVI, Chapter I, edition of 1892).

"11.—To put the above regulations into force at a time to be determined by the Ministers of Justice and Finance.

"12.—Not to publish the present ukaz for general information.

"On the original is the signature of His Imperial Majesty, in his own hand.

"NIKOLAI."

APPENDIX VIII

Convention for the lease of the Liaotung Peninsula.—March 27, 1898.

His Majesty the Emperor and Autocrat of all the Russias, and His Majesty the Emperor of China, being desirous of still further strengthening the friendly relations existing between the two Empires and mutually wishing to insure the means whereby to show reciprocal support, have appointed as their Plenipotentiaries, for the purpose of arriving at an agreement on this matter:

His Majesty the Emperor of Russia—M. Alexander Pavlow, Gentleman of the Court, and His Majesty's Chargé d'Affaires accredited to the Government of H. M. the Emperor of China;

His Majesty the Emperor of China—Count Li, Chancellor, Member of the Ministry of Foreign Affairs, and Senior Preceptor of the Heir to the Throne, and Chang, Assistant Minister of Finance, and Member of the Ministry of Foreign Affairs, with Ministerial rank.

The above-named Plenipotentiaries, furnished with due powers, have decided upon the following stipulations:

Art. I.—For the purpose of ensuring that the Russian naval forces shall possess an entirely secure base on the littoral of northern China, H. M. the Emperor of China agrees to place at the disposal of the Russian Government, on lease, the Ports Arthur (Liou-choun-kow) and Ta-lien-wan, together with the water areas contiguous to these ports. This act of lease, however, in no way violates the sovereign rights of H. M. the Emperor of China to the above-mentioned territory.

Art. II.—The frontier of the territory leased on the above-specified basis, will extend northwards from the Bay of Ta-lien-wan for such distance as is necessary to secure the proper defence of this area on the land side. The precise line of demarcation and other details respecting the stipulations of the present Convention will be determined by a separate Protocol which shall be concluded at St. Petersburg with the dignitary Siou-tzin-ch'eng immediately after the signature of the present Convention. Upon the determination of this line of demarcation, the Russian Government will enter into complete and exclusive enjoyment of the whole area of the leased territory together with the water areas contiguous to it.

Art. III.—The term of the lease shall be twenty-five years from the date of the signature of the present agreement and may be prolonged subsequently by mutual consent of both Governments.

Art. IV.—During the above-specified period, on the territory leased by the Russian Government and its adjacent water area, the entire military command of the land and naval forces and equally the supreme civil administration will be entirely given over to the Russian authorities and will be concentrated in the hands of one person who however shall not have the title of Governor or Governor-General. No Chinese military land forces whatsoever will be allowed on the territory specified. Chinese inhabitants retain the right, as they may desire, either to remove beyond the limits of the territory leased by Russia or to remain within such limits without restriction on the part of the Russian authorities. In the event of a Chinese subject committing any crime within the limits of the leased territory, the offender will be handed over to the nearest Chinse authorities for trial and punishment in accordance with Chinese laws, as laid down in Article VIII of the Treaty of Peking of 1860.

Art. V.—A neutral zone shall be established north of the above-specified frontier of the leased territory. The frontiers of this zone will be fixed by the dignitary Siou-tzin-ch'eng and the

Ministry of Foreign Affairs in St. Petersburg. Within this specified neutral zone the civil administration will be entirely in the hands of the Chinese authorities; Chinese troops will be admitted within this zone only with the consent of the Russian authorities.

Art. VI.—Both the Governments agree that Port Arthur, as an exclusively military (naval) port, shall be used solely by Russian and Chinese vessels and shall be considered as a closed port to war-ships and merchant vessels of other States. As regards Ta-lien-wan, this port, with the exception of one of the inner bays which, like Port Arthur, shall be set apart exclusively for the use of the Russian and Chinese fleets, shall be considered open to foreign commerce and free entry to it will be granted to the merchant vessels of all nations.

Art. VII.—The Russian Government takes upon itself at its own expense and with its own resources to erect all buildings necessary for its fleet and land forces on the area leased to it and especially in the ports Arthur and Ta-lien-wan, to erect fortifications, maintain garrisons in them and generally to take all necessary steps for the proper defence of the specified locality from hostile attack. Similarly the Russian Government binds itself at its own expense to erect and maintain light-houses and other precautionary signs requisite for the security of navigation.

Art. VIII.—The Chinese Government agrees that the concessions granted by it in 1896 to the Chinese Eastern Railway Company, from the date of the signature of the present agreement shall be extended to the connecting branch which is to be built from one of the stations of the main line to Ta-lien-wan, and also, if deemed necessary, from the same main line to another more convenient point on the littoral of the Liaotung Peninsula between the town of In-tzü and the estuary of the River Yalu. All the stipulations of the contract concluded by the Chinese Government with the Russo-Chinese Bank on August 27 (September 8), 1896, shall apply scrupulously to these supplementary branches. The direction and points through which the above-mentioned lines shall pass will be determined upon by the dignitary Siou-tzin-ch'eng and the administration of the Chinese Eastern Railway. Consent to the construction of the railway on the basis indicated shall never under any form serve as a pretext for the seizure of Chinese territory or for an encroachment on the sovereign rights of China.

Art. IX.—The present Convention shall come into force from the date of exchange of copies thereof by the Plenipotentiaries of the two States.

The exchange of ratifications will take place in St. Petersburg with the least possible delay.

In virtue of which the respective Plenipotentiaries of the two parties have signed and affixed their seals to two copies of the present Convention in the Russian and Chinese languages. Of the two texts which upon comparison, have been found to be in agreement, the Russian text shall be that used for the interpretation of the Convention.

Done in duplicate at Peking, this 15th day of March (March 27), 1898, and by the Chinese calendar the 6th day of the 3rd moon of the 24th year of the reign of Kuang-Hsü.

(Seal) (*Signed*) A. PAVLOW
(Seal) (*Signed*) LI-CHANG
(Seal of the Tsung-li-yamen)

APPENDIX IX

Rockhill, p. 370, prints the following translation of an imperial order of July 30/August 11, 1899, for the building of Dalny and creating it a free port:

Russian Imperial Order regarding Establishment of Dalny as a Free Port.—August 11, 1899.

"TO THE MINISTER OF FINANCE.—Our Empire, comprising as it does immense territories in Europe and Asia, is called upon by Divine Providence to contribute to the pacific intercourse of the peoples of the East and the West. For the attainment of this historic object we have received the friendly assistance of the Chinese Empire, which has ceded to us the use of the Harbour of Talienwan and Port Arthur, with the adjacent territory, and has furnished for the Great Siberian Railway an outlet through its possessions to the Yellow Sea. Thanks to this wise decision of the Government of His Majesty the Emperor of China, the extreme limits of two continents of the Old World will very shortly be connected by an uninterrupted line of rails, which will secure for all nations the incalculable advantages of easy communication, and bring new regions within the operations of the commerce of the world.

"In our increasing solicitude for a scheme of such general utility as this, we have directed our attention to the first-rate importance

which, when once the line is constructed, its terminus, the port of Talienwan, will acquire. Having declared after its occupation that this port was open to the commercial fleets of all nations, we deem it advisable now to proceed to the construction near this port of a town, to which we give the name of 'Dalny.'

"At the same time, with a view to the commercial development of the future town, we grant to the same for the entire period for which its territory is handed over to Russia by China, under the arrangement of the 15th (27th) March, 1898, the right of free trade granted to free ports on the following conditions:—

"1. The importation and exportation of goods of every kind are allowed free of customs dues in the town, port, and adjacent territory, within the limits determined by and liable to modification by the Minister of Finance.

"2. The right of free trade thus granted does not affect transport, anchorage, and other dues of various kinds, levied at ports.

"3. The Quarantine Regulations, issued with a view to preventing the introduction of infectious diseases, must be strictly observed by all ships entering the port.

"4. Goods imported into Russia which come from the territory enjoying the right of free trade will be examined, will pay import duty, and will enter the Empire under the general conditions in force for the importation of foreign goods.

"Invoking the blessing of the Lord upon this truly pacific work of the future, we intrust to your care the superintendence of the construction of the town and port.

NICHOLAS."

The following is a translation of an imperial order of July 30/August 12, 1903, creating the Imperial Lieutenancy of the Far East:

Russian Imperial Order regarding Imperial Lieutenancy of the Far East.—August 12, 1903.

"The complicated problems of administration in the provinces bordering the eastern frontier of the Empire induce us to be solicitous for the institution of the authority over those provinces.

"In order to assure the pacific satisfaction of the urgent local requirements by the exercise of that authority and recognizing the necessity of forming a Special Lieutenancy to include all the Prov-

inces now under the rule of the Governor General of Pri-Amur and the Kuantung Province it is decreed as follows:

"1. The Imperial Lieutenant of the Far East is invested with the supreme (or high) power in respect of civil administration over those provinces and is independent of different ministries. He is also given the supreme authority regarding the maintenance of order and security in the localities appropriated for the benefit of the Chinese Eastern Railway. Due care and protection in regard to the interests and wants of Russian subjects in the neighboring territories outside of the border of the Imperial Lieutenancy are also confided to him.

"2. Until the law of administration of the Imperial Lieutenancy of the Far East shall have been promulgated the authority, rights and obligations of the Imperial Lieutenant in relation to both central and local authorities shall be defined in accordance with the principle of the Imperial Decree of January 30, 1845, which was promulgated at the time of the establishment of the Lieutenancy of the Caucasus. All administrative offices and all officials under the Imperial Lieutenant are not allowed to communicate with different ministries and departments concerned except through the Imperial Lieutenant.

"3. All diplomatic relations with neighboring powers in regard to affairs arising in those provinces of the Far East shall be concentrated in the hands of the Imperial Lieutenant.

"4. The command of the naval forces in the Pacific and of all military forces stationed in the territories assigned to him is given to the Imperial Lieutenant.

"5. In order that the action of the chief authority of the Far East shall conform with the general policy of the Empire and the activities of the Ministers a special committee under Our Presidency shall be instituted. Those who assembled and participate in the committee have Our confidence.

"6. General Adjutant Alexieff who is appointed as the Imperial Lieutenant of the Far East is charged with the development of this Imperial Decree and the drafting of the law of administration of those provinces of the Far East together with its enforcement regulations. The Senate will not fail to take due measures when the project shall have been submitted to Us for Our Sanction.

"Given at Peterhof under Our own signature, July 30/August 12, 1903.

NICHOLAS."

APPENDIX X

Additional agreement defining the boundaries of the leased and neutralized territory in the Liaotung Peninsula.—May 7, 1898.

The Governments of Russia and China being desirous of adding some stipulations to the Treaty concluded at Peking on the 15/27th March, 1898, the Plenipotentiaries of both Governments have agreed upon the following:—

Article I.—In accordance with Article II of the original Treaty the northern territory leased and yielded to Russia—Port Arthur, Talienwan, and the Liaotung Peninsula—shall commence from the north side of Ya Tang Bay on the west coast of Liaotung and shall pass through the ridge of Ya-tang Mountain (the mountain ridge being included in the leased ground) to the east coast of Liaotung near the north side of the P'i-tzû-wo Bay. Russia shall be allowed the use of all the waters adjacent to the leased territory and all the islands around it.

Both countries shall appoint special officers to survey the ground and determine the limits of the leased territory.

Article II.—To the north of the boundary fixed in Art. I, there shall, in accordance with Art. V of the Peking Treaty, be a neutral ground, the northern boundary of which shall commence on the west coast of Liaotung at the mouth of the Kai-chou River, shall pass north of Yu-yen-cheng to the Ta-yang River, and shall follow the left bank of the river to its mouth, this river also to be included in the neutral territory.

Article III.—The Russian Government consents that the terminus of the branch line connecting the Siberian Railway with the Liaotung Peninsula shall be at Port Arthur and Talienwan, and at no other port in the said peninsula.

It is further agreed in common that railway privileges in districts traversed by this branch line shall not be given to the subjects of other Powers. As regards the railway which China shall [may] herself build hereafter from Shan-hai-kuan in extension to a point as near as [*lit.*, nearest to] possible to this branch line, Russia agrees that she has nothing to do with it.

Article IV.—The Russian Government assents to the request of the Chinese Government that the Administration and police of the City of Kinchow shall be Chinese. Chinese troops will be withdrawn from Kinchow and replaced by Russian troops.

The inhabitants of the city have the power to use the roads from Kinchow to the north boundary of the leased territory, and the waters usually required near the city, the use of which has been granted to Russia; but they have no power to use the sea-coast (round about).

Article V.—The Chinese Government agrees [*lit.*, agrees to recognize]:

1. That without Russia's consent no concession will be made in the neutral ground for the use of subjects of other Powers.

2. That the ports on the sea-coast east and west of the neutral ground shall not be opened to the trade of other Powers.

3. And that without Russia's consent no road and mining concessions, industrial and mercantile privileges shall be granted in the neutral territory.

Article VI.—The Articles agreed to above will be drawn up, one copy in Chinese and one in Russian, and signed by the plenipotentiaries of the two countries.

For purposes of interpretation, the Russian will be the authoritative text.

Kuang-hsü, 24th year, 3rd intercalary month, 17th day: Russian Calendar, April 25, 1898 (May 7th, 1898).

APPENDIX XI

Agreement concerning the southern branch of the Chinese Eastern Railway.—July 6, 1898.

Hsü (Ching-ch'êng), Ambassador (?) of the Imperial Chinese Government, and Yang(-ju), Minister of the Imperial Chinese Government to Russia, have received an Imperial Decree of the 7th of the Fifth Moon, XXIV Year of Kuanghsü, that is the 13th of June, 1898, Russian Calendar (June 25th, 1898, New Style), authorizing them to draw up a contract with the Chinese Eastern Railway Company in accordance with the provisions of the Treaty between China and Russia, entered into at Peking on the 6th of the Third Moon, XXIV Year of Kuanghsü, i. e., March 15, 1898, Russian Calendar (March 27th, 1898, N. S.) and those of the Special Supplementary Articles to the same, agreed upon at St. Petersburg on the 17th of the Intercalary Third Moon —April 25, 1898—(May 7th, 1898, N. S.) to the effect that, from the date of the signing of said Treaty by the Chinese Gov-

ernment, in accordance with the permission given in the XXII Year of Kuanghsü (1896) to the Chinese Eastern Railway Company to construct certain railways, a branch line might be built and operated, which should begin at a station, to be selected on the main line of the Chinese Eastern Railway, and extend to the sea-ports, Dalny and Port Arthur in the Liao-tung Peninsula; the said branch line to be dealt with in careful compliance with the terms of the Contract of the 2d of the Eighth Moon, XXII Year of Kuanghsü, August 27, 1896, Russian Calendar (Sept. 8, 1896, N. S.) between the Chinese Government and the Russo-Chinese Bank.

In accordance with the foregoing provisions, the following Articles relating to the construction and operation of a railway through Manchuria are now agreed upon, to-wit:

Article I.—This branch of the Chinese Eastern Railway, extending to the sea-ports of Port Arthur and Dalny, shall be known as the Southern Manchurian Branch of the Chinese Eastern Railway.

Article II.—In accordance with Article IV of the Contract of the 2d of the Eighth Moon, XXII Year of Kuanghsü, August 27, 1896 (Sept. 8th, 1896, N. S.), which provides that the Chinese Government shall take steps as occasion may require to facilitate the bringing in of the materials needed for the construction of the line, whether transported by water or by land, it is now agreed that the Company may employ steamers or other vessels, and such vessels flying the Company's flag shall be permitted to proceed up the Liao River or any of its branches, and to enter Ying-k'ou (the port of Newchwang) or any port in the Neutral Territory which may prove advantageous to the work of constructing this line, and may there discharge cargo.

Article III.—In order to facilitate the bringing in by the Chinese Eastern Railway Company of the materials and provisions needed in the construction of the Southern Manchurian Branch, it is permitted the Company to build temporary branch lines from this road to Ying-k'ou and to sea-ports in the Neutral Zone, but when the work of building the line is completed and the road is open for traffic the Company must at the notice of the Chinese Government remove these branch railways; that is to say, within eight years from the date of the survey and determination of the line and the appropriation of the land for its construction these temporary branch lines must be removed.

Article IV.—In accordance with the permission granted to

the Company in the XXIII Year of Kuanghsü (1897) to cut timber and mine coal for the use of the railway, it is now agreed to allow the Company to fell timber at its pleasure in the forests on government lands, each tree to be paid for at a price to be fixed by the Engineer-in-Chief or his deputy in consultation with the local authorities, but not higher than the local market rate. But no forests on property in the province of Shengking belonging to the Imperial Family, or on sites that affect the *feng-shui* being under the direct control of the Peking Government may be injured or disturbed.

The Company shall also be allowed in the regions traversed by this branch line to mine such coal as may be needed for the construction or operation of the railway, the price of which coal shall be fixed by the Engineer-in-Chief or his Deputy in consultation with the local authorities but shall not exceed the royalty paid by other parties in the same locality.

ARTICLE V.—Within the leased territory on the Liao-tung Peninsula Russia may fix the Customs Tariff to suit herself, and China may levy and collect duties at the boundaries on all goods going from the leased territory to the interior or from the interior to the leased territory. In dealing with this matter China may arrange with Russia for the latter Government to establish the Customs at Dalny and from the date of the opening of the said port to international trade to appoint the Chinese Eastern Railway Company to act as the Agent of the Chinese Imperial Board of Revenue to open and manage the Customs and in its behalf to levy and collect duties. The said Customs shall be under the sole control of the Peking Government, to which the said Agent shall from time to time report its management. In addition there shall be appointed a Chinese civil official to be stationed as Deputy at the said Customs. All baggage of passengers and all goods brought from railway stations within the Russian boundaries by the said line into the territory leased to Russia in the Liao-tung Peninsula, or shipped from the said leased territory into the Russian Empire shall be entirely free of all Customs duties as well as of all Inland Transit and Likin dues. Goods shipped by rail from the interior of China to the leased territory or from the leased territory to the interior must pay export or import duties respectively according to the Imperial Maritime Customs Tariff without increase or reduction.

ARTICLE VI.—The Company may at its pleasure assume the responsibility of establishing a line of sea-going vessels flying the

Company's flag, to be operated under the Regulations for Foreign Mercantile Shipping. Should these vessels or the management of the business in connection therewith occasion any financial loss, the Chinese Government shall not be held responsible. Passenger fares and freight rates shall be established by the Company to suit itself, and shall in no wise concern the railway. The period of the management of the said enterprise being of course unlimited, the provisions of Article XII of the Contract between the Chinese Government and the Russo-Chinese Bank of the XXII year of Kuanghsü (1896) fixing a price for the purchase of the railway, and a date for its reversion to China without payment, shall not apply to this undertaking.

ARTICLE VII.—As to the location of the Southern Manchurian Railway Line, and the determination of the places through which it shall pass, it will be necessary to wait until the Engineer-in-Chief shall have surveyed the route through Manchuria and made report of the conditions to the Head Office of the Company when the Company or its Agent in Peking shall consult with the Director General of the Railway and decide the matter.

Note.

To the text as printed in *Customs* is appended the reading of a telegram of which the translation is as follows:

"In accordance with Treaty of Peking of 6th of Third Moon and Special Articles of Intercalary Moon, extension of Chinese Eastern Railway Company, to build and operate a branch line from station to be selected on main line to sea-ports Port Arthur and Dalny in Liao-tung. Careful compliance with provisions of Russo-Chinese Bank's contract. Supplementary Articles proposed as follows:—

"1. This Branch line, extending to Port Arthur and Dalny, shall be known as the Southern Manchurian Branch of Chinese Eastern Railway.

"2. Original Agreement, Article IV, (provides) Chinese Government to take steps to facilitate transport by land or water of materials for construction of railway. Company permitted to employ steamships or other vessels flying Company's flag which may enter Liao River and branches and proceed to Ying-k'ou and all sea-ports in Neutral Zone and there unload materials.

"3. In order to facilitate shipment of materials and provisions, Company permitted to construct temporary branch lines from Southern Manchurian line to Ying-k'ou and sea-ports in Neutral

Zone, but when the work of building railway is completed and whole line open to traffic, all these temporary branch lines to be removed at pleasure of Chinese Government.

"4. The Chinese Government in First Moon last year granted permission to obtain coal and wood. Company now allowed to fell timber in forests on government lands, price of each tree to be fixed by local authorities in conference with Engineer-in-Chief, but not to be made higher than local market rate. But, forests in province of Shengking, property of Imperial Family, affecting *Feng-shui,* under control of Peking Government, not allowed to be touched.

"Company also permitted in localities through which this branch line passes to mine coal, payment for same also to be determined by conference but not to be more than paid by others.

"5. Within the Leased Territory Russia to determine for herself the Customs Tariff. China must collect duties on goods at the boundary of Leased Territory. With respect to this matter arrangements may be made permitting Russia on opening of Dalny to international trade to establish the Customs at that port and appoint the Company to act as Agent of Chinese Imperial Board of Revenue, levying and collecting duties, under direct control of Peking Government, and reporting its management to same from time to time. Goods coming from railway stations within the Russian boundaries into the leased Territory or from the latter into Russia to be free of all Customs duty and likin charges; those going by railway from leased territory into the interior of China or from interior to leased territory to pay duty according to tariff of Imperial Maritime Customs without increase or reduction.

"6. Company allowed to establish line of merchant steamships flying Company's flag. If any financial loss, China not responsible; this business not to involve the railway, and not to be dealt with under provisions of original contract fixing price for purchase (of railway) and date for reversion (without payment).

"7. Location of line of Southern Manchurian Railway and determination of places through which it will pass to await surveys in Manchuria by Engineer-in-Chief when Company or its Agent in Peking will consult with Director General and decide.

"The above is translated by Ch'êng Ju-chiang from the complete text of letter received from Chinese Eastern Railway, omitting unimportant words and phrases, this third day of Fourth Moon, Kuanghsü XXIV Year (May 22, 1898)."

APPENDIX XII

First Supplement to Charter of Chinese Eastern Railway.—February 17, 1899.

"1. In accordance with the treaty, entered upon on June 24 (July 6, 1898, by the Chinese Eastern Railway Company and the Chinese Imperial Government, this company is authorized to construct a branch line from one of the stations of the main line to the ports of Talien-wan and Port Arthur, situated on the Kuantung Peninsula, also to operate this branch which shall be named 'the Southern Manchurian Line,' of the Chinese Eastern Railway.

"2. By Imperial order of May 29 (June 10), 1898, the company is authorized to construct a commercial port on the Talienwan Bay.

The Company is also authorized to exploit this port.

"3. According to the Imperial order of June 12 (24), 1898, the Chinese Eastern Railway Company is permitted to establish its own steamship service in the waters of the Pacific Ocean.

"This steamship service is for the purpose:

(*a*) of securing, during the construction of the Chinese Eastern Railway, the timely delivery of the necessary freight, materials and workmen, and thus cooperate in the successful course of the construction of this railway.

(*b*) during the exploitation of the Chinese Eastern Railway, of joining by means of steamship service the terminal points of the railway Vladivostok and Talien-wan (i. e., Dalny) with the principal ports of China, Japan, and Korea and thus securing regular and speedy transfer of passengers and freight, going from Russia and Western Europe to the Far East and back.

"Moreover, upon the refusal of Commercial Councillor Sheveleff to maintain from January 1 (13), 1900, regular steamship communication between the ports of the littoral, the Primorski District (the line of the Tartary Strait and that of Peter the Great), also between Vladivostok and the open ports of Korea, Japan and China, the duties and obligations of Commercial Councillor Sheveleff devolve upon the Chinese Eastern Railway Company, beginning with January 1 (13), 1900.

"The further determination as to the direction of the steamship lines is left to the Board of Directors of the Company upon approval of the Russian Minister of Finance.

"4. In order to facilitate the conveying of the necessary materials and provisions for the construction of the Southern Manchurian Line, the Company is authorized to establish branch lines to the port of Ind-tsi (Ying-tzu = Niuchwang) and other ports of the neutral zone with the proviso that, upon completion of the line and the establishment of regular traffic on the same, the branch lines to the above named ports should be destroyed by the Company, should the Chinese Government formulate that demand.

"5. The construction and exploitation of the Southern Manchurian Line and the branch lines mentioned in par. 4, as well as the construction and exploitation of the commercial port at Talien-wan (i. e., Dalny), also the establishment and exploitation of the steamship service, the Company is under obligation to run strictly according to the rules of its charter, and to the stipulations of the treaty concluded on June 24 (July 6), 1898, between the Company and the Imperial Chinese Government. However, no term is set to the exploitation by the Company of the steamship lines, as well as of the commercial port at Talien-wan, and the stipulations of par. 12 of the treaty of August 27 (Sept. 8), 1896, entered upon by the Russo-Chinese Bank and the Chinese Government with regard to the terms of purchase and the free transfer of the railway to the above named Government, do not extend to the Company with regard to the steamship lines and the commercial port.

"6. The baggage of passengers, as well as the merchandise sent through over one of the branches of the railway from one of the Russian frontier stations to some part of the Liao-tung Peninsula leased by Russia, are not subject to any custom duties; they are likewise exempt of all taxes and interior dues. Merchandise sent by rail from the territory leased by Russia into the interior of China, as well as those brought from the interior of China to that territory, are subject to the payment of import and export duties of Chinese seaports without any increase or diminution of the same.

"7. The maximum of seaport duties to be collected in the commercial port of Talien-wan, as well as the maximum tariff for the carrying of passengers and freight on the steamships of the Company, as well as the supplementary payments to be made for their conveyance, are determined by the Russian Minister of Finance upon their being laid before him for approval by the Board of the Company. The amount of seaport dues, the tariff for transportation by sea and supplementary dues for the same

within the limits of the above stated normal amounts determined by the Minister of Finance, are determined by the Board itself.

"8. For the purpose of covering the expenditures incurred by the construction of the Southern Manchurian Line and the commercial port at Talien-wan, and the establishment of steamship service in the waters of the Pacific Ocean, the Company is authorized to issue, according to its needs, upon conditions determined in paragraphs 11 and 12 of the Company's Charter sanctioned by Imperial Ukase of December 4 (16), 1896, supplementary obligations, and that part of the debenture capital which is destined specially for the needs of the port and the steamship service must have separate accounts and books from that of the railway.

"9. During the exploitation of the commercial port at Talien-wan as well as the exploitation of the steamship service organized by the Company for the waters of the Pacific Ocean, the Company must institute separate accounts and books from those of the railway as to the income and expenditure.

"Should the gross profit of the commercial port at Talien-wan and from the steamship service prove insufficient to cover the expense of their exploitation, make the annual payments on the debenture capital, specially appointed for the needs of these undertakings, as also to lay aside the obligatory amount of money for the amortization of the fund—the lacking sums may be obtained by the Company from the Russian Government through the Minister of Finance, the per cent to be paid on the guarantee for the debenture capital at the rate of 6 per cent per annum, while all the other payments will be made to the Company upon conditions determined for each individual case by the Minister of Finance. The possible surplus of net profit, that may be left after the payment of all obligatory amounts and the deduction into the reserve fund of the remaining sum from the exploitation of the Talien-wan commercial port and the steamship service, shall be first of all used for the amortization of the debt to the Russian Government, incurred for the commercial port and the steamship service, and only in the years when the Company will have paid off all its debts shall that surplus be added as a supplementary amount to the dividend falling to the shareholders.

"10. Should the Chinese Government deem it necessary to establish, with the consent of the Russian Government, a custom house at Talien-wan for the purpose of collecting the duty on merchandise exported and imported by rail from and to the part of the Liao-tung Peninsula, leased by Russia, the organization

and administration of this custom house shall be entrusted to the Chinese Eastern Railway Company, which will collect the taxes in the capacity of an agent of and for the Chinese treasury, the expenditures for the maintenance of the same to be paid from its profits at a rate annually determined jointly by the company and the Chinese Government. The custom house shall be in the immediate custody of the central administration at Peking, accounts on its operations to be periodically presented to the same. The Chinese Government has the right to appoint a civilian official of Chinese nationality, who shall fill the post of Chinese Agent at that custom house.

"11. In all cases, overlooked in the supplement, the Company shall be ruled by corresponding regulations of the Company's Charter sanctioned by Imperial Ukase on December 4 (16), 1896, and those of the treaties of August 27 (September 8), 1896, and June 24 (July 6), 1898, concluded between the Chinese Government, the Russo-Chinese Bank, and the Board of the Company.

APPENDIX XIII

Identic notes exchanged with regard to railway interests in China. —April 28, 1899.

Sir C. Scott to Count Mouravieff.

The Undersigned, British Ambassador, duly authorized to that effect, has the honour to make the following declaration to His Excellency Count Mouravieff, Russian Minister for Foreign Affairs.

Great Britain and Russia, animated by a sincere desire to avoid in China all cause of conflict on questions where their interests meet, and taking into consideration the economic and geographical gravitation of certain parts of that Empire, have agreed as follows:—

1. Great Britain engages not to seek for her own account, or on behalf of British subjects or of others, any railway Concessions to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railway Concessions in that region supported by the Russian Government.

2. Russia, on her part, engages not to seek for her own account, or on behalf of Russian subjects or of others, any railway

concessions in the basin of the Yangtze, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the British Government.

The two Contracting Parties, having nowise in view to infringe in any way the sovereign rights of China or existing Treaties, will not fail to communicate to the Chinese Government the present arrangement, which, by averting all cause of complications between them, is of a nature to consolidate peace in the Far East, and to serve the primordial interests of China herself.

CHARLES S. SCOTT.

ST. PETERSBURG, *April 28, 1899.*

SIR C. SCOTT TO COUNT MOURAVIEFF.

In order to complete the notes exchanged this day respecting the partition of spheres for Concessions for the construction and working of railways in China, it has been agreed to record in the present additional note the agreement arrived at with regard to the line Shanhai-kuan-Newchwang, for the construction of which a loan has been already contracted by the Chinese Government with the Shanghai-Hongkong Bank, acting on behalf of the British and Chinese Corporation.

The general arrangement established by the above-mentioned notes is not to infringe in any way the rights acquired under the said Loan Contract, and the Chinese Government may appoint both an English engineer and an European accountant to supervise the construction of the line in question, and the expenditure of the money appropriated to it.

But it remains understood that this fact cannot be taken as constituting a right of property or foreign control, and that the line in question is to remain a Chinese line, under the control of the Chinese Government, and cannot be mortgaged or alienated to a non-Chinese Company.

As regards the branch line from Siaoheishan to Sinminting, in addition to the aforesaid restrictions, it has been agreed that it is to be constructed by China herself, who may permit European—not necessarily British—engineers to periodically inspect it, and to verify and certify that the work is being properly executed.

The present special Agreement is naturally not to interfere in any way with the right of the Russian Government to support, if it thinks fit, applications of Russian subjects or establishments for Concessions for railways, which, starting from the main Man-

churian line in a southwesterly direction, would traverse the region in which the Chinese line terminating at Sinminting and Newchwang is to be constructed.

CHARLES S. SCOTT.

ST. PETERSBURG, *April 28, 1899.*

APPENDIX XIV

German-British Agreement relative to China.—October 16, 1900

Her Britannic Majesty's Government and the Imperial German Government, being desirous to maintain their interests in China and their rights under existing Treaties, have agreed to observe the following principles in regard to their mutual policy in China:—

1. It is a matter of joint and permanent international interest that the ports on the rivers and littoral of China should remain free and open to trade and to every other legitimate form of economic activity for the nationals of all countries without distinction; and the two Governments agree on their part to uphold the same for all Chinese territory as far as they can exercise influence.

2. Her Britannic Majesty's Government and the Imperial German Government will not, on their part, make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions, and will direct their policy towards maintaining undiminished the territorial condition of the Chinese Empire.

3. In case of another Power making use of the complications in China in order to obtain under any form whatever such territorial advantages, the two Contracting Parties reserve to themselves to come to a preliminary understanding as to the eventual steps to be taken for the protection of their own interests in China.

4. The two Governments will communicate this Agreement to the other Powers interested, and especially to Austria-Hungary, France, Italy, Japan, Russia, and the United States of America, and will invite them to accept the principles recorded in it.

APPENDIX XV

RUSSIA (Chinese Eastern Railway Company) AND CHINA (Provincial Government of Kirin).

Agreement regarding jurisdiction over Chinese subjects in the railway zone.—July 5/18, 1901.

Under instructions from the Engineer-in-Chief of the Chinese Eastern Railway, his duly authorized representative, Mr. Daniel, has concluded with the Chiang Chun of Kirin at the present time, that is on July 5/18, 1901, and according to the Chinese calendar the 3rd day of the 6th month of the 27th year of the reign of Kuang Hsü, the following agreement, supplementing and amending the agreement concluded on May 19/31, 1899, with Chiang-Chun Yang of Kirin for the establishment in Harbin of a Principal Department for Foreign and Railway Affairs:

1.—In Harbin, Kirin Province, there is established a Principal Department of Foreign and Railway Affairs. For this purpose, there shall be appointed a special staff of Chinese officials, of whom some shall be stationed permanently in Harbin, while others shall be distributed along the line, so that there shall be one official with each district superintendent, it being provided that these latter officials shall be directly subordinate to and at the disposition of the Harbin Department.

2.—The said Department is established for the final settlement of all cases arising in Kirin Province, if these affairs directly or indirectly touch the interests of the Chinese Eastern Railway Company, and also directly or indirectly touch the interests of Chinese subjects, not only those working on the railway, such as employees of various kinds, artisans, laborers, contractors and persons supplying goods to the railway, but also and in the same measure all other Chinese subjects, whether merchants, artisans, domestic servants and other Chinese, temporarily or permanently residing in the leased zone of the railway, even if the nature of their occupation does not have any direct relation to the railway. The Harbin Department, having its officials along the line with the district superintendents, shall entrust to these officials the settlement on the spot with the knowledge of and by agreement with the district superintendent of cases which do not constitute serious violations of Chinese laws and railway regulations; the considera-

tion, however, and decision of the more important cases, such as cases of murder, open and collective disobedience of the authorities, Russian or Chinese, adultery, theft of over three hundred Kirin *tiao,* usury and the like, even if these cases shall arise in the section of the line furthest removed from Harbin, shall be transferred for examination and final decision to the Harbin Department. In doubtful cases, the Chinese official briefly setting forth the case in conjunction with the district superintendent, shall inquire of the Harbin Department whether the case is to be settled on the spot or whether it is to be transferred with the accused persons to Harbin. In case of need such communications shall be made by telegram through the district superintendent. A telegraphic report shall also be made immediately regarding all cases coming outside the competence of the local official in the district. All this second article refers equally to Chinese and to Manchus and Mongols living in Kirin Province.

3.—Regarding each case coming within one of the definitions set forth in Article 2, and in which proceedings have previously been begun in any office or by any particular official, a report must immediately be sent to the said Harbin Principal Department, which in its turn shall notify the Engineer-in-Chief, in order to determine whether the case should be referred to the said Department for continuation and decision, or whether it is to be left for examination and decision to the official of the Department who is nearest to the place on the line where the case arose.

4.—Hereafter all officials and offices shall refer to the Harbin Principal Department for settlement all new complaints and claims coming before them, which refer to the cases set forth in Article 2.

5.—All complaints and claims, and also all cases in general mentioned in the second article shall be examined and investigated by members of the Harbin Principal Department, in conjunction with the Engineer-in-Chief of the Chinese Eastern Railway or his authorized representative. Also all decisions in all cases shall be arrived at by mutual agreement with the Engineer-in-Chief or his authorized representative.

6.—The Chinese subjects mentioned in Article 2 shall be subject to punishment only in accordance with a decision of the Principal Department at Harbin arrived at by due process of law, provided that the Department shall decide whether to execute the sentence in Harbin or at the place where the case originated. In cases of sentence of criminals to banishment to places not so remote

(not further than 3000 *li*), the Harbin Department may give orders for the execution of such sentences to the nearest local Chinese authorities. For preliminary detention of Chinese who are arrested and for the serving of terms of imprisonment by sentences of the Harbin Department, a jail shall be built in connection with this office.

7.—All crimes for the commission of which the convicted persons shall be sentenced to the death penalty or to banishment to remote places (more than 3,000 *li*), and also in all cases when the opinions of the members of the Harbin Department are not in harmony with the opinion of the Engineer-in-Chief, are subject to the final judgment of the Chiang-Chun of Kirin, which shall be based on the reports of the members of the Department and on communications of the Engineer-in-Chief. All other cases, regardless of the degree of their importance, shall be finally settled and carried into execution by order of the President and Vice-President of the Department by mutual agreement with the Engineer-in-Chief or his authorized representative. The President and Vice-President of the Department shall on the one hand report their decisions by memorial to the Chiang-Chun of Kirin for his information, and on the other hand shall send a communication to the Principal Department for Foreign Relations of Kirin Province for preservation in the archives.

8.—All the members of the Harbin Principal Department and the soldiers shall be appointed by the Chiang-Chun of Kirin; the President and Vice-President of the Department shall also be appointed and removed by the Chiang-Chun, but after preliminary consultation with the Engineer-in-Chief, in order that for such important posts may be chosen persons known to the Chiang-Chun and to the Engineer-in-Chief as worthy men, enlightened and acquainted with railway affairs and regulations. Persons chosen in this way by mutual agreement shall be confirmed in their appointments by the Chiang-Chun.

9.—In order to meet all the expenses for maintenance of the President, Vice-President, all officials and soldiers of the said Principal Department, the Engineer-in-Chief shall place at the disposition of the President of the Department annually 60,000 taels according to the Kirin market weight. This sum shall be placed by the Engineer-in-Chief at the disposition of the President of the Department in instalments for every three months in advance.

10.—Apart from this the sum necessary for the construction

of the buildings of the Department and houses for the employees (of inferior position), and also for the furnishing and equipping of the buildings of the Department, shall be fixed by agreement between the President of the Department and the Engineer-in-Chief. The President of the Department shall receive this sum from the Engineer-in-Chief in instalments according as it shall be required.

11. The present agreement written in Chinese and in Russian in duplicate, after its signature by the Kirin Chiang-Chun Chang and by the authorized representatives of the Engineer-in-Chief, Mr. Daniel, shall be submitted for the signatures of the Engineer-in-Chief of the Chinese Eastern Railway, Yugovitch, and his substitute, Engineer Ignatius. One copy of this agreement must be preserved in the office of the Chiang-Chun of Kirin, and the other in the office of the Engineer-in-Chief.

The Russian text is a true rendering of the Chinese text.

APPENDIX XVI

Agreement regarding Jurisdiction over Chinese Subjects in Railway Zone.—May 31, 1899.

"1.—In Harbin, Kirin Province, there is established a Principal Department of Foreign and Railway Affairs.

"2.—The above-mentioned Department is established to settle all cases arising in Kirin Province if these cases directly or indirectly touch the interests of the Chinese Eastern Railway Company, and also directly or indirectly touch the interests of persons working on the Chinese Eastern Railway, and also the interests of contractors of every sort for the supply of labor and work, and of artisans. As regards cases concerning unskilled laborers, such matters are subject to examination and decision by the Chinese authorities of the place where the cases arise, or according to the place where the laborer is, according to the Chinese laws, if any murder, theft, adultery or similar crime, is committed by them (unskilled laborers). However, in regard to exceptional cases, each district superintendent of the railway on the one hand shall make a report to the Principal Department in Harbin, and on the other hand shall inform the local official, and the proceedings in the case shall be suspended until the receipt of a decision from the Harbin Principal Department as to whether the case will be removed to the Principal Department for settlement or whether

it will be left in the hands of the local official, after which the case shall be conducted in accordance with such instructions.

"3.—In regard to any case coming within one of the definitions in the second article in which proceedings have been begun in any government establishment, or by any particular official whatsoever, information must be given to the above-mentioned Principal Department at Harbin, which in its turn shall inform the Engineer-in-Chief in order to determine whether the case should be brought to the said Department for continuation and decision, or whether the consideration and decision is to be placed in the hands of the local authorities."

[For the rest of text see MacMurray, pp. 277, 278.]

APPENDIX XVII

RUSSIA AND CHINA

Convention with regard to Manchuria.—April 8, 1902.

His Majesty the Emperor and Autocrat of All the Russias, and His Majesty the Emperor of China, with the object of re-establishing and confirming the relations of good neighborhood, which were disturbed by the rising in the Celestial Empire of the year 1900, have appointed their Plenipotentiaries to come to an agreement on certain questions relating to Manchuria. These Plenipotentiaries, furnished with full powers which were found to be in order, agreed as follows:—

ARTICLE I.—*Chinese authority in Manchuria to be re-established.*—His Imperial Majesty the Emperor of Russia, desirous of giving fresh proof of his peaceable and friendly disposition towards His Majesty the Emperor of China, and overlooking the fact that attacks were first made from frontier posts in Manchuria on peaceable Russian Settlements, agrees to the re-establishment of the authority of the Chinese Government in that region, which remains an integral part of the Chinese Empire, and restores to the Chinese Government the right to exercise therein governmental and administrative authority, as it existed previous to the occupation by Russian troops of that region.

ARTICLE II.—*China to protect railway and all Russian subjects and their undertakings.*—In taking possession of the governmental and administrative authority in Manchuria, the Chinese Government confirms, both with regard to the period and with regard

to all other Articles, the obligation to observe strictly the stipulations of the Contract concluded with the Russo-Chinese Bank on the 27th August, 1896, and in virtue of paragraph 5 of the above-mentioned Contract, takes upon itself the obligation to use all means to protect the railway and the persons in its employ, and binds itself also to secure within the boundaries of Manchuria the safety of all Russian subjects in general and the undertakings established by them.

Evacuation of Manchuria by Russia.—The Russian Government, in view of these obligations accepted by the Government of His Majesty the Emperor of China, agrees on its side, provided that no disturbances arise and that the action of other Powers should not prevent it, to withdraw gradually all its forces from within the limits of Manchuria in the following manner:—

(*a*) Within six months from the signature of the Agreement, to clear the southwestern portion of the Province of Mukden up to the River Liao ho of Russian troops, and to hand the railways over to China.

(*b*) Within further six months to clear the remainder of the Province of Mukden and the Province of Kirin of Imperial troops.

(*c*) Within the six months following to remove the remaining Imperial Russian troops from the Province of Hei-lung-chiang.

Article III.—*Chinese forces pending evacuation.*—In view of the necessity of preventing in the future any recurrence of the disorders of last year, in which Chinese troops stationed on the Manchurian frontier also took part, the Imperial Russian and Chinese Governments shall undertake to instruct the Russian military authorities and the Tsiang-Tsungs, mutually to come to an agreement respecting the numbers and the disposition of the Chinese forces until the Russian forces shall have been withdrawn. At the same time the Chinese Government binds itself to organize no other forces over and above those decided upon by the Russian military authorities and the Tsiang-Tsungs as sufficient to suppress brigandage and pacify the country.

Chinese forces after evacuation.—After the complete evacuation of Manchuria by Russian troops, the Chinese Government shall have the right to increase or diminish the number of its troops in Manchuria, but of this must duly notify the Russian Government, as it is natural that the maintenance in the above-mentioned district of an over large number of troops must necessarily lead to a reinforcement of the Russian military force in the neighbouring

districts, and thus would bring about an increase of expenditure on military requirements undesirable for both States.

Chinese police guard in Manchuria.—For police service and the maintenance of internal order in the districts outside those parts allotted to the Eastern Chinese Railway Company, a police guard, under the local Governors ("Tsiang-Tsungs"), consisting of cavalry and infantry, shall be organized exclusively of subjects of his Majesty the Emperor of China.

ARTICLE IV.—*Shanhaikwan-Sinminting railway to be restored.*—The Russian Government agrees to restore to the owners the railway Shanhaikwan-Newchwang-Sinminting, which, since the end of September, 1900, has been occupied and guarded by Russian troops. In view of this, the Government of His Majesty the Emperor of China binds itself:—

1. *China alone to protect this line.*—In case protection of the above-mentioned line should be necessary, that obligation shall fall exclusively on the Chinese Government, which shall not invite other Powers to participate in its protection, construction, or working, nor allow other Powers to occupy the territory evacuated by the Russians.

2. *Completion and working of this line.*—The completion and working of the above-mentioned line shall be conducted in strict accordance with the Agreement between Russia and England of the 16th April, 1899, and the Agreement with the private Corporation respecting the loan for the construction of the line. And furthermore, the Corporation shall observe its obligations not to enter into possession of or in any way to administer the Shanhaikwan-Newchwang-Sinminting line.

3. *Extension of line in South Manchuria.*—Should, in the course of time, extensions of the line in Southern Manchuria, or construction of branch lines in connection with it, or the erection of a bridge in Newchwang, or the moving of the terminus there, be undertaken, these questions shall first form the subject of mutual discussion between the Russian and Chinese Governments.

4. *China to pay Russia for repair and keep of line.*—In view of the fact that the expenses incurred by the Russian Government for the repair and working of the Shanhaikwan-Newchwang-Sinminting line were not included in the sum total of damages, the Chinese Government shall be bound to pay back the sum which, after examination with the Russian Government, shall be found to be due.

The stipulations of all former Treaties between Russia and

China which are not affected by the present Agreement shall remain in force.

The Agreement shall have legal force from the day of its signature by the Plenipotentiaries of both States.

The exchange of ratifications shall take place in St. Petersburg within three months from the date of the signature of the Agreement.

For the confirmation of the above, the Plenipotentiaries of the two Contracting Powers have signed and sealed two copies of the Agreement in the Russian, French, and Chinese languages. Of the three texts, which, after comparison, have been found to correspond with each other, that in the French language shall be considered as authoritative for the interpretation of the Agreement.

Done in Peking in duplicate, the 26th March (8th April), 1902.

APPENDIX XVIII

RUSSIA AND JAPAN

Treaty of peace.—September 5, 1905.

His Majesty the Emperor of Japan on the one part, and His Majesty the Emperor of all the Russias on the other part, animated by the desire to restore the blessings of peace to Their countries and peoples, have resolved to conclude a Treaty of Peace, and have, for this purpose, named Their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan:

His Excellency Baron Komura Jutaro, Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, His Minister for Foreign Affairs, and

His Excellency M. Takahira Kogoro, Jusammi, Grand Cordon of the Imperial Order of the Sacred Treasure, His Envoy Extraordinary and Minister Plenipotentiary to the United States of America;

and His Majesty the Emperor of all the Russias:

His Excellency M. Serge Witte, His Secretary of State and President of the Committee of Ministers of the Empire of Russia, and

His Excellency Baron Roman Rosen, Master of the Imperial

Court of Russia and His Ambassador Extraordinary and Plenipotentiary to the United States of America;

Who, after having exchanged their full powers which were found to be in good and due form, have concluded the following Articles:

ARTICLE I.—There shall henceforth be peace and amity between Their Majesties the Emperor of Japan and the Emperor of all the Russias and between Their respective States and subjects.

ARTICLE II.—The Imperial Russian Government, acknowledging that Japan possesses in Corea paramount political, military and economical interests, engage neither to obstruct nor interfere with the measures of guidance, protection and control which the Imperial Government of Japan may find it necessary to take in Corea.

It is understood that Russian subjects in Corea shall be treated exactly in the same manner as the subjects or citizens of other foreign Powers, that is to say, they shall be placed on the same footing as the subjects or citizens of the most favoured nation.

It is also agreed that, in order to avoid all cause of misunderstanding, the two High Contracting Parties will abstain, on the Russo-Corean frontier, from taking any military measure which may menace the security of Russian or Corean territory.

ARTICLE III.—Japan and Russia mutually engage:

1. To evacuate completely and simultaneously Manchuria except the territory affected by the lease of the Liao-tung Peninsula, in conformity with the provisions of additional Article I. annexed to this Treaty; and

2. To restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops, with the exception of the territory above mentioned.

The Imperial Government of Russia declare that they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity.

ARTICLE IV.—Japan and Russia reciprocally engage not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria.

ARTICLE V.—The Imperial Russian Government transfer and assign to the Imperial Government of Japan, with the consent of the Government of China, the lease of Port-Arthur, Talien and

adjacent territory and territorial waters and all rights, privileges and concessions connected with or forming part of such lease and they also transfer and assign to the Imperial Government of Japan all public works and properties in the territory affected by the above mentioned lease.

The two High Contracting Parties mutually engage to obtain the consent of the Chinese Government mentioned in the foregoing stipulation.

The Imperial Government of Japan on their part undertake that the proprietary rights of Russian subjects in the territory above referred to shall be perfectly respected.

ARTICLE VI.—The Imperial Russian Government engage to transfer and assign to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Chang-chun (Kuan-cheng-tzu) and Port Arthur and all its branches, together with all rights, privileges and properties appertaining thereto in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.

The two High Contracting Parties mutually engage to obtain the consent of the Government of China mentioned in the foregoing stipulation.

ARTICLE VII.—Japan and Russia engage to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes and in no wise for strategic purposes.

It is understood that that restriction does not apply to the railway in the territory affected by the lease of the Liao-tung Peninsula.

ARTICLE VIII.—The Imperial Governments of Japan and Russia, with a view to promote and facilitate intercourse and traffic, will, as soon as possible, conclude a separate convention for the regulation of their connecting railway services in Manchuria.

ARTICLE IX.—The Imperial Russian Government cede to the Imperial Government of Japan in perpetuity and full sovereignty, the southern portion of the Island of Saghalien and all islands adjacent thereto, and all public works and properties thereon. The fiftieth degree of north latitude is adopted as the northern boundary of the ceded territory. The exact alignment of such territory shall be determined in accordance with the provisions of additional Article II. annexed to this Treaty.

Japan and Russia mutually agree not to construct in their respective possessions on the Island of Saghalien or the adjacent

islands, any fortifications or other similar military works. They also respectively engage not to take any military measures which may impede the free navigation of the Straits of La Perouse and Tartary.

ARTICLE X.—It is reserved to the Russian subjects, inhabitants of the territory ceded to Japan, to sell their real property and retire to their country; but, if they prefer to remain in the ceded territory, they will be maintained and protected in the full exercise of their industries and rights of property, on condition of submitting to Japanese laws and jurisdiction. Japan shall have full liberty to withdraw the right of residence in, or to deport from, such territory, any inhabitants who labour under political or administrative disability. She engages, however, that the proprietary rights of such inhabitants shall be fully respected.

ARTICLE XI.—Russia engages to arrange with Japan for granting to Japanese subjects rights of fishery along the coasts of the Russian possessions in the Japan, Okhotsk and Behring Seas.

It is agreed that the foregoing engagement shall not affect rights already belonging to Russian or foreign subjects in those regions.

ARTICLE XII.—The Treaty of Commerce and Navigation between Japan and Russia having been annulled by the war, the Imperial Governments of Japan and Russia engage to adopt as the basis of their commercial relations, pending the conclusion of a new treaty of commerce and navigation on the basis of the Treaty which was in force previous to the present war, the system of reciprocal treatment on the footing of the most favoured nation, in which are included import and export duties, customs formalities, transit and tonnage dues, and the admission and treatment of the agents, subjects and vessels of one country in the territories of the other.

ARTICLE XIII.—As soon as possible after the present Treaty comes into force, all prisoners of war shall be reciprocally restored. The Imperial Governments of Japan and Russia shall each appoint a special Commissioner to take charge of prisoners. All prisoners in the hands of one Government shall be delivered to and received by the Commissioner of the other Government or by his duly authorized representative, in such convenient numbers and at such convenient ports of the delivering State as such delivering State shall notify in advance to the Commissioner of the receiving State.

The Governments of Japan and Russia shall present to each other, as soon as possible after the delivery of prisoners has been

completed, a statement of the direct expenditures respectively incurred by them for the care and maintenance of prisoners from the date of capture or surrender up to the time of death or delivery. Russia engages to repay to Japan, as soon as possible after the exchange of the statements as above provided, the difference between the actual amount so expended by Japan and the actual amount similarly disbursed by Russia.

ARTICLE XIV.—The present Treaty shall be ratified by Their Majesties the Emperor of Japan and the Emperor of all the Russias. Such ratification shall, with as little delay as possible and in any case not later than fifty days from the date of the signature of the Treaty, be announced to the Imperial Governments of Japan and Russia respectively through the French Minister in Tokio and the Ambassador of the United States in Saint Petersburg and from the date of the later of such announcements this Treaty shall in all its parts come into full force.

The formal exchange of the ratifications shall take place at Washington as soon as possible.

ARTICLE XV.—The present treaty shall be signed in duplicate in both the English and French languages. The texts are in absolute conformity, but in case of discrepancy in interpretation, the French text shall prevail.

In witness whereof, the respective Plenipotentiaries have signed and affixed their seals to the present Treaty of Peace.

Done at Portsmouth (New Hampshire) this fifth day of the ninth month of the thirty-eighth year of Meiji, corresponding to the twenty-third day of August (fifth September) one thousand nine hundred and five.

(Signed) SERGE WITTE. [L.S.] JUTARO KOMURA. [L.S.]
(Signed) ROSEN. [L.S.] K. TAKAHIRA. [L.S.]

APPENDIX XIX

JAPAN AND CHINA

Treaty and additional agreement relating to Manchuria.—December 22, 1905.

His Majesty the Emperor of Japan and His Majesty the Emperor of China, desiring to adjust certain matters of common concern growing out of the Treaty of Peace between Japan and Russia of September 5th, 1905, have resolved to conclude a Treaty

with that object in view and have for that purpose named Their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan:

Baron Komura Jutaro, Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador of His Majesty, and

Uchida Yasuya, Jushii, Second Class of the Imperial Order of the Rising Sun, His Majesty's Envoy Extraordinary and Minister Plenipotentiary; and

His Majesty the Emperor of China:

Prince Ching, Presiding Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty,

Chu Hung-chi, Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty, and

Yuan Shih-kai, Viceroy of the Province of Chihli, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of His Majesty;

Who, after having exchanged their full powers which were found to be in good and due form, have agreed upon and concluded the following Articles:

ARTICLE I.—The Imperial Chinese Government consent to all the transfers and assignments made by Russia to Japan by Articles V and VI of the Treaty of Peace above mentioned.

ARTICLE II.—The Imperial Japanese Government engage that in regard to the leased territory as well as in the matter of railway construction and exploitation, they will, so far as circumstances permit, conform to the original agreements concluded between China and Russia. In case any question arises in the future on these subjects, the Japanese Government will decide it in consultation with the Chinese Government.

ARTICLE III.—The present Treaty shall come into full force from the date of signature. It shall be ratified by Their Majesties the Emperor of Japan and the Emperor of China and the ratifications shall be exchanged at Peking as soon as possible, and not later than two months from the present date.

In witness whereof, the respective Plenipotentiaries have signed this Treaty in duplicate in the Japanese and Chinese languages and have thereto affixed their seals.

Done at Peking, this twenty-second day of the twelfth month of the thirty-eighth year of *Meiji*, corresponding to the twenty-sixth day of the eleventh moon of the thirty-first year of Kuang Hsü.

(Signed)

APPENDIX XX

Additional Agreement

The Governments of Japan and China, with a view to regulate, for their guidance, certain questions in which they are both interested in Manchuria, in addition to those provided for in the Treaty signed this day, have agreed as follows:

ARTICLE I.—The Imperial Chinese Government agree that as soon as possible after the evacuation of Manchuria by the Japanese and Russian forces, the following cities and towns in Manchuria will be opened by China herself as places of international residence and trade:

In the Province of Chengking:
Fenghwangcheng; Liaoyang; Hsinmintun; Tiehling; Tungkiangtzu and Fakumen.

In the Province of Kirin:
Changchun (Kuanchengtzu); Kirin; Harbin; Ninguta; Hunchun and Sanhsing.

In the Province of Heilungkiang:
Tsitsihar; Hailar; Aihun and Manchuli.

ARTICLE II.—In view of the earnest desire expressed by the Imperial Chinese Government to have the Japanese and Russian troops and railway guards in Manchuria withdrawn as soon as possible, and in order to meet this desire, the Imperial Japanese Government, in the event of Russia agreeing to the withdrawal of her railway guards, or in case other proper measures are agreed to between China and Russia, consent to take similar steps accordingly. When tranquillity shall have been reestablished in Manchuria and China shall have become herself capable of affording full protection to the lives and property of foreigners, Japan will withdraw her railway guards simultaneously with Russia.

ARTICLE III.—The Imperial Japanese Government, immediately upon the withdrawal of their troops from any regions in Manchuria, shall notify the Imperial Chinese Government of the regions thus evacuated, and even within the period stipulated for the withdrawal of troops in the Additional Articles of the Treaty of Peace between Japan and Russia, the Chinese Government may send necessary troops to the evacuated regions of which they have been already notified as above mentioned, for the purpose of maintaining order and tranquillity in those regions. If, in the regions from which Japanese troops have not yet been withdrawn, any

villages are disturbed or damaged by native bandits, the Chinese local authorities may also dispatch a suitable military force for the purpose of capturing or dispersing those bandits. Such troops, however, shall not proceed within twenty Chinese *li* from the boundary of the territory where Japanese troops are stationed.

ARTICLE IV.—The Imperial Government of Japan engage that Chinese public and private property in Manchuria, which they have occupied or expropriated on account of military necessity, shall be restored at the time the Japanese troops are withdrawn from Manchuria and that such property as is no longer required for military purposes shall be restored even before such withdrawal.

ARTICLE V.—The Imperial Chinese Government engage to take all necessary measures to protect fully and completely the grounds in Manchuria in which the tombs and monuments of the Japanese officers and soldiers who were killed in war are located.

ARTICLE VI.—The Imperial Chinese Government agree that Japan has the right to maintain and work the military railway line constructed between Antung and Mukden and to improve the said line so as to make it fit for the conveyance of commercial and industrial goods of all nations. The term for which such right is conceded is fifteen years from the date of the completion of the improvements above provided for. The work of such improvements is to be completed within two years, exclusive of a period of twelve months during which it will have to be delayed owing to the necessity of using the existing line for the withdrawal of troops. The term of the concession above mentioned is therefore to expire in the 49th year of Kuang Hsü. At the expiration of that term, the said railway shall be sold to China at a price to be determined by appraisement of all its properties by a foreign expert who will be selected by both parties. The conveyance by the railway of the troops and munitions of war of the Chinese Government prior to such sale shall be dealt with in accordance with the regulations of the Eastern Chinese Railway. Regarding the manner in which the improvements of the railway are to be effected, it is agreed that the person undertaking the work on behalf of Japan shall consult with the Commissioner dispatched for the purpose by China. The Chinese Government will also appoint a Commissioner to look after the business relating to the railway as is provided in the Agreement relating to the Eastern Chinese Railway. It is further agreed that detailed regulations shall be concluded regarding the tariffs for the carriage by the railway of the public and private goods of China.

ARTICLE VII.—The Governments of Japan and China, with a view to promote and facilitate intercourse and traffic, will conclude, as soon as possible, a separate convention for the regulation of connecting services between the railway lines in South Manchuria and all the other railway lines in China.

ARTICLE VIII.—The Imperial Chinese Government engage that all materials required for the railways in South Manchuria shall be exempt from all duties, taxes and *likin*.

ARTICLE IX.—The methods of laying out the Japanese Settlement at Yingkou in the Province of Shengking, which has already been opened to trade, and at Antung and Mukden in the same Province, which are still unopen although stipulated to be opened, shall be separately arranged and determined by officials of Japan and China.

ARTICLE X.—The Imperial Chinese Government agree that a joint-stock company of forestry composed of Japanese and Chinese capitalists shall be organized for the exploitation of the forests in the regions on the right bank of the River Yalu and that a detailed agreement shall be concluded in which the area and term of the concession as well as the organization of the company and all regulations concerning the joint work of exploitation shall be provided for. The Japanese and Chinese shareholders shall share equally in the profits of the undertaking.

ARTICLE XI.—The Governments of Japan and China engage that in all that relates to frontier trade between Manchuria and Corea most favoured nation treatment shall be reciprocally extended.

ARTICLE XII.—The Governments of Japan and China engage that in all matters dealt with in the Treaty signed this day or in the present Agreement the most favourable treatment shall be reciprocally extended.

The present Agreement shall take effect from the date of signature. When the Treaty signed this day is ratified, this Agreement shall also be considered as approved.

In witness whereof, the Undersigned, duly authorized by their respective Governments, have signed the present Agreement in duplicate in the Japanese and Chinese languages and have thereto affixed their seals.

Done at Peking, this 22nd day of the 12th month of the 38th year of Meiji, corresponding to the 26th day of the 11th moon of the 31st year of Kuang Hsü. (Signed)

APPENDIX XXI

It has been stated that, to the treaty and additional agreement here printed, were attached certain secret protocols of which the following summary has been given:

Summary of alleged Secret Protocols to Sino-Japanese Treaty of December 22, 1905.

"Whereas the protocols of the Conference recently held between the Plenipotentiaries of Japan and China with regard to Manchuria are to be kept strictly secret in deference to the desire of the Chinese Government, only such portions of those Protocols as possess the character of executory agreements are given in the following summary:

"1. The railway between Changchun and Kirin will be constructed by China with capital to be raised by herself. She, however, agrees to borrow from Japan the insufficient amount of capital, which amount being about one-half of the total sum required. The contract concerning the loan shall, in due time, be concluded, following, *mutatis mutandis,* the loan contract entered into between the board of the Imperial Railways of North China and the Anglo-Chinese Syndicate. The term of the loan shall be twenty-five years, redeemable in yearly instalments.

"2. The military railway constructed by Japan between Mukden and Hsinmintun shall be sold to China at a price to be fairly determined in consultation by Commissioners appointed for the purpose by the two Governments. China engages to reconstruct the line, making it her own railway, and to borrow from a Japanese corporation or corporations one half of the capital required for the portion of the line east of Liao-ho for a term of eighteen years repayable in yearly instalments, and a contract shall be concluded, for the purpose following, *mutatis mutandis,* the loan contract entered into between the Board of the Imperial Railways of North China and the Anglo-Chinese Syndicate.

"All the other military railways in different localities shall be removed with the evacuation of the regions.

"3. The Chinese Government engage, for the purpose of protecting the interest of the South Manchurian Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighborhood of and parallel to that railway, or any

branch line which might be prejudicial to the interest of the above-mentioned railway.

"4. China declares that she will adopt sufficient measures for securing Russia's faithful observance of the Russo-Chinese treaties with regard to the railways which Russia continues to possess in the northern part of Manchuria, and that it is her intention, in case Russia acts in contravention of such treaty stipulations, to approach her strongly with a view to have such action fully rectified.

"5. When in the future, negotiations are to be opened between Japan and Russia for regulation of the connecting railway services (Article VIII of the Treaty of Peace between Japan and Russia), Japan shall give China previous notice. China shall communicate to Russia her desire to take part in the negotiations through commissioners to be despatched by her on the occasion, and Russia consenting shall participate in such negotiations.

"6. With regard to the mines in the Province of Fengtien, appertaining to the railway, whether already worked or not, fair and detailed arrangements shall be agreed upon for mutual observance.

"7. The affairs relating to the connecting services as well as those of common concern in respect of the telegraph lines in the Province of Fengtien and the cables between Port Arthur and Yentai shall be arranged from time to time as necessity may arise in consultation between the two countries.

"8. The regulations respecting the places to be opened in Manchuria, shall be made by China herself, but the Japanese Minister at Peking must be previously consulted regarding the matter.

"9. If no objection be offered on the part of Russia respecting to the navigation of the Sungari (by Japanese vessels), China shall consent to such navigation after negotiations.

"10. The Chinese Plenipotentiaries declare that immediately after the withdrawal of the Japanese and Russian troops from Manchuria, China will proceed to take, in virtue of her sovereign right, full administrative measures to guarantee peace in that region and endeavor, by the same right, to promote good and remove evil as well as steadily to restore order, so that the residents of that region, natives and foreigners, may equally enjoy the security of life and occupation under the perfect protection of the Chinese Government. As to the means of restoring order, the Chinese Government are to take by themselves all adequate measures.

"11. While relations of intimate friendship subsisted as at the present time between China and Japan, Japan and Russia had unfortunately engaged in war and fought in the territory of China. But peace has now been reestablished and hostilities in Manchuria have ceased. And while it is undeniable that Japanese troops, before their withdrawal, have the power of exercising the rights accruing from military occupation, the Chinese Government declare that certain Japanese subjects in Manchuria have recently been observed to sometimes interfere with the local Chinese administration and to inflict damage to public and private property of China.

"The Japanese Plenipotentiaries, considering that, should such interference and infliction of damage have been carried beyond military necessity, they are not proper acts, declare that they will communicate the purport of the above declaration of the Chinese Government to the Government of Japan, so that proper steps may be taken for controlling Japanese subjects in the Province of Fengtien and promote the friendly relations between the two nations, and also for preventing them in future, from interfering with the Chinese administration or inflicting damage to public or private property without military necessity.

"12. In regard to any public or private property of China which may have been purposely destroyed or used by Japanese subjects without any military necessity, the Governments of the two countries shall respectively make investigations and cause fair reparation to be made.

"13. When the Chinese local authorities intend to despatch troops for the purpose of subduing native bandits in the regions not yet completely evacuated by Japanese troops, they shall not fail to previously consult with the Commander of the Japanese troops stationed in those regions so that all misunderstandings may be avoided.

"14. The Japanese Plenipotentiaries declare that the Railway Guards stationed between Changchun and the boundary line of the leased territory of Port Arthur and Talien, shall not be allowed, before their withdrawal, to unreasonably interfere with the local administration of China or to proceed without permission beyond the limits of the railway.

"15. Chinese local authorities, who are to reside at Inkou, shall be allowed, even before the withdrawal of the Japanese troops, to proceed to that place and transact their official business. The date of their departure is to be determined, as soon as possible

after the definite conclusion of this Treaty, by the Japanese Minister to China in consultation with the Waiwupu. As there is still in that place a considerable number of Japanese troops, quarantine regulations as well as regulations for the prevention of contagious diseases, shall be established by the authorities of the two countries in consultation with each other so that epidemics may be avoided.

"16. The revenue of the Maritime Customs at Yingkou shall be deposited with the Yokohama Specie Bank and delivered to the Chinese local authorities at the time of evacuation. As to the revenue of the native Customs at that place and the taxes and imposts at all other places, which are to be appropriated for local expenditures, a statement of receipts and expenditures shall be delivered to the Chinese local authorities at the time of evacuation."

APPENDIX XXII

Japanese Imperial Ordinance sanctioning Organization of South Manchuria Railway Company.—June 7, 1906.

"We hereby sanction the organization of the South Manchuria Railway Joint Stock Company and cause the following Ordinance to be promulgated.

(Sign Manual)
(Privy Seal)

"June 7, 1906.

"(Countersigned) Marquis Kimmochi Saionji,
Minister President of State.

"(Countersigned) Isaburo Yamagata,
Minister of State for Communications.

IMPERIAL ORDINANCE NO. 142, JUNE 7, 1906.

"Article I.—The Government shall cause the organization of the South Manchuria Railway Joint Stock Company for the purpose of engaging in railway traffic in Manchuria.

"Article II.—The shares of the company shall all be registered [signed] and may be owned only by the Japanese and Chinese Governments or by subjects of Japan and China.

"Article III.—The Japanese Government may offer its Manchurian railways, and their appurtenances, and its coal-mines in

Manchuria, as the capital to be furnished by the Government.

"ARTICLE IV.—The company may divide the new shares to be raised into several issues to be floated at different times, but the amount of the first issue shall not be less than one-fifth of the whole amount.

"ARTICLE V.—The first payment upon the shares need not exceed one-tenth of the value of the shares.

"ARTICLE VI.—The company shall establish its head-office at Tokio and a branch office at Dalny.

"ARTICLE VII.—The company shall have a president, a vice-president, four or more directors and from three to five inspectors.

"ARTICLE VIII.—The president shall represent the company and manage its affairs.

"The vice-president shall perform the president's duties when the latter is prevented from discharging them, and shall act as president when the latter post is vacant.

"The vice-president and directors shall assist the president in his duties and shall take charge of various departments of the company's business.

"The inspectors shall examine the business of the company.

"ARTICLE IX.—The Government, subject to the Imperial sanction, shall appoint the president and vice-president, whose terms of office shall be five years.

"The Government shall appoint the directors from among those shareholders who own fifty or more shares. The term of office shall be four years.

"The inspectors shall be elected from among the shareholders at a general meeting of the latter. The term of office shall be three years.

"ARTICLE X.—The amount of compensation and allowances of the president, vice-president and directors shall be fixed by the Government.

"ARTICLE XI.—The president, vice-president and directors of the company shall not engage in any other business or trade, under any name whatsoever, during their terms of office, except by special permission of the Government.

"ARTICLE XII.—The Government shall appoint supervisors for the South Manchuria Railway Joint Stock Company to supervise the business of the company.

"The supervisors may at any time examine the company's business and inspect their safes, books, documents and any other articles belonging to the company.

"The supervisors, whenever they may deem it necessary, may order the company to report on the various accounts and the condition of the company's business.

"The supervisors may attend the general meetings of the shareholders of the company or any other meetings, and express their opinions, but shall not be entitled to vote.

"ARTICLE XIII.—The Government may issue such orders as may be necessary to superintend the business of the company.

"ARTICLE XIV.—In case the decisions of the company or the conduct of its officers are in violation of laws and regulations or of the object of the company, or are detrimental to the public welfare, or fail to carry out the orders of the Government office under whose jurisdiction the company is, the Government may cancel the said decisions or dismiss the officers concerned.

"ARTICLE XV.—When the Government deems it necessary, it may apply to the company the provisions of the laws and regulations relating to railways in Japan.

"In the case referred to in the preceding paragraph the Government shall inform the company in advance as to the laws and regulations to be so applied.

"ARTICLE XVI.—When not otherwise provided for in this Ordinance, the provisions of the Commercial Code and its Supplementary Laws and Regulations shall be applied.

"ARTICLE XVII.—The provisions of Imperial Ordinance No. 366 [Relates to the construction of railways in foreign countries by Japanese companies.] of 1900, shall not be applied to the company that is to be organized in accordance with this Ordinance.

"SUPPLEMENTARY RULES

"ARTICLE XVIII.—The Government shall appoint a commission to transact all business relating to the organization of the South Manchuria Railway Joint Stock Company.

"ARTICLE XIX.—The organizing commission shall draw up the company's articles of association, and after the said articles have been approved by the Government, shall open the subscriptions for the first issue of shares.

"ARTICLE XX.—When the first issue of the company's shares has been subscribed, the commission shall present to the Government the subscription list and apply for permission to organize the company.

"ARTICLE XXI.—When the permission referred to in the pre-

ceding Article has been given, the organizing commission shall, without delay, call for the first instalment upon each share.

"When the first instalment referred to in the preceding Article has been paid in, the commission shall, without delay, call a general meeting for organization.

"ARTICLE XXII.—At the close of the first general meeting the organizing commission shall turn over its business to the President of the South Manchuria Railway Joint Stock Company."

Japanese Government Order regarding South Manchuria Railway Company.—August 1, 1906.

"To Masatake Terauchi, Chairman of the Organizing Commission of the South Manchuria Railway Joint Stock Company,
And eighty other members of the Commission:

"The following orders are hereby given respecting the several matters relating to the organization of the South Manchuria Railway Joint Stock Company, all matters pertaining to the management of which have been entrusted to the Commission.

"August 1, 1906.

"ISABURO YAMAGATA,
Minister of Communications.
"YOSHIRO SAKATANI, LL.D.,
Minister of Finance.
"VISCOUNT TADASU HAYASHI,
Minister of Foreign Affairs.

"ARTICLE 1.—In accordance with the Additional Agreement of the Japan-China Treaty relating to Manchuria, signed on December 22nd, 1905, the Company shall engage in the traffic of the following railways:

"Tairen-Changchun.
"Nankuanling-Port Arthur.
"Tafangshen-Liushutun.
"Tashichiao-Yingkow.
"Yentai-Yentai Coal Mine.
"Sukiatun-Fushun.
"Mukden-Antunghsien.

"ARTICLE 2.—The railways mentioned in the preceding Article shall be changed to the 4 feet 8.5 inch gauge within three (3) years counting from the day on which the company commences its operations.

"On the Tairen-Changchun Railway the tracks between Tairen and Sukiatun [near Mukden] shall be doubled.

"ARTICLE 3.—The company shall make the various arrangements necessary for the lodging and meals of the passengers, as well as for the storage of goods at the principal stations on the line.

"At the points on the harbors and bays touched by the railways the necessary arrangements shall be made for connecting water and land transportation.

"ARTICLE 4.—For the convenience and the profit of the railways, the company may engage in the following accessory lines of business:

"Mining, especially the operation of the coal-mines at Fushun and Yentai.

"Water transportation.

"Electrical enterprises.

"Sale on commission of the principal goods carried by the railways.

"Warehousing.

"Business relating to the land and buildings on the land attached to the railways.

"In addition, any business for which Government permission has been given.

"ARTICLE 5.—The company shall, subject to the permission of the Government, make the necessary arrangements for engineering works, education, sanitation, etc., within the area of lands used for the railways and the accessory lines of business.

"ARTICLE 6.—To defray the expenses necessary for the arrangements mentioned in the preceding Article, the company may, subject to the permission of the Government, collect fees of those who live within the area of lands used for the railways and the accessory lines of business, or make any other assessments for necessary expenses.

"ARTICLE 7.—The total amount of the company's capital stock shall be 200 million Yen, of which 100 million Yen shall be furnished by the Imperial [Japanese] Government.

"ARTICLE 8.—The capital to be furnished by the Government mentioned in the preceding Article shall consist of the following properties:

"The existing railways.

"All properties belonging to the railways, except those in the leased territory specially designated by the Government.

"The coal mines at Fushun and Yentai.

"ARTICLE 9.—The rolling stock now being used by the Government, and the rails as well as the accessories of the Mukden-Antunghsien temporary railway, shall be sold to the company at a reasonable price.

"ARTICLE 10.—The shares not owned by the Government shall be open to subscription by Japanese and Chinese subjects.

"ARTICLE 11.—When the dividend of the company for any business year is less than six (6) per cent per annum on the paid amount for the shareholders other than the Governments of Japan and China (hereafter to be styled merely 'the shareholders'), the Government shall supply the deficiency for a period of fifteen (15) years only, (or for thirty (30) business years if the calendar year be divided into two business years), commencing from the day of the registration of the company's establishment. However, the amount of money to be furnished by the Government to supply the deficiency referred to shall, under no circumstances, exceed six (6) per cent per annum on the capital paid in by the shareholders.

"ARTICLE 12.—When the dividend of the company for any business year does not exceed six (6) per cent per annum on the capital paid in by the shareholders, the dividend on the shares owned by the Government need not be paid.

"The shares owned by the Chinese Government shall be dealt with in a similar way to those owned by the Imperial Government.

"ARTICLE 13.—The Government shall guarantee the payment of interest on the debentures which the company may issue for the reconstruction of the railways, or for the operation of the accessory business, and on those which the company may issue for consolidating or redeeming these debentures. The Government shall, if necessary, guarantee the repayment of the principal.

"The amount of the face value of the debentures to be guaranteed by the Government shall not exceed the amount remaining when the capital paid in by the shareholders other than the Government is subtracted from the total of the capital subscribed by them [shall not exceed the difference between the capital subscribed and the amount paid in].

"The debentures mentioned in the first paragraph shall be redeemed within twenty-five (25) years counting from the year of their issuance.

"ARTICLE 14.—For the debentures issued in accordance with the provisions in the first paragraph of the preceding Article, the

Government shall supply the amount corresponding to the interest on the debentures.

"When the dividend on the capital paid up by the shareholders exceeds six (6) per cent per annum, the surplus shall first be applied to the payment of the interest on the debentures. However, in this case the amount of surplus shall be deducted.

"ARTICLE 15.—When there is any surplus after paying the interest on the debentures, as mentioned in the preceding Article, out of the profits of the company's business, the said surplus shall be apportioned to the shares owned by the Governments of Japan and China until the rate is equal on the respective amounts paid up by all shareholders.

"ARTICLE 16.—The money to be supplied by the Government, as provided for in Articles 11 and 14, shall bear interest at six (6) per cent per annum. The interest shall be added annually to the principal, and the total shall be the company's indebtedness to the Government.

"When the dividend for all the shares exceeds ten (10) per cent per annum, the surplus shall be devoted to the redemption of the company's debt mentioned in the preceding paragraph.

"ARTICLE 17.—Any surplus of funds raised by means of the debentures mentioned in Article 13 shall be deposited with the Division of Deposits in the Department of Finance.

"ARTICLE 18.—The company shall determine estimates of the capital to be paid up and the debentures to be floated during each business year, their face value, issuing price, rate of interest, date of issuance et cetera, and shall receive the Government's approval.

"ARTICLE 19.—The company shall determine the regulations relating to its finances and business, and shall secure the Government's approval.

"When the company desires to alter the regulations mentioned in the preceding paragraph and the articles of incorporation, similar steps shall be taken.

"ARTICLE 20.—The plans of the company's business, the estimate of the cost of operation, the budget of income and expenditures connected with the company's business, the settlement of the same and the rate of the dividend for each business year shall be submitted to the Government for approval. When the company desires to alter the foregoing items, similar steps shall be taken.

"ARTICLE 21.—At the designation of the Government the company shall report on the following matters:

"The present condition of the cost of operation as well as the

income and expenditures conneceted with the company's business.

"The actual condition of the company's work in general.

"ARTICLE 22.—Without the permission of the Government the company shall not dispose of its principal rights and properties; nor give the same for security.

"ARTICLE 23.—When the Government deems it necessary, it may order the freight charges to be reduced, but only under special conditions.

"ARTICLE 24.—The Government may, when it deems necessary, order the company to make new works arrangements or modify the existing ones.

"ARTICLE 25.—At the designation of the Government the company shall be under obligation at any time to place the railways, land and any other articles at the service of the Government.

"ARTICLE 26.—The Articles and paragraphs relating to the funds to be supplied by the Government and the Government guarantees mentioned in the present order shall be confirmed upon the approval of the Imperial Diet."

"THE ARTICLES OF INCORPORATION OF THE SOUTH MANCHURIA RAILWAY JOINT STOCK COMPANY.

CHAPTER I.—*General provisions.*

"ARTICLE 1.—This company shall be called the South Manchuria Railway Joint Stock Company and is established in accordance with Imperial Ordinance No. 142 of 1906 and in obedience to the Order of the Imperial Japanese Government.

"ARTICLE 2.—The liability of the shareholders of this company is limited to the value of the shares owned by them.

"ARTICLE 3.—This company shall establish its head-office at Tokyo and its branch office at Tairen [Dalny].

"ARTICLE 4.—The objects of this company are as follows:

"1. To engage in the transportation business of the following railways in Manchuria:

"Tairen-Changchun Railway.
"Nankuanling-Port Arthur Railway.
"Tafangshin-Liushutun Railway.
"Tashichiao-Yingkow Railway.
"Yentai-Yentai Coal-Mine Railway.
"Sukiatun-Fushun Railway.
"Mukden-Antunghsien Railway.

"II. To engage in the following lines of accessory business for the benefit of the railways:

"Mining, especially the operation of the coal mines at Fushun and Yentai.

"Water transportation.

"Electrical enterprises.

"Warehousing.

"Business relating to the land and buildings on the land attached to the railways.

"Any other business for which the permission of the Government may be given.

"ARTICLE 5.—The capital of this company shall be 200,000,000 Yen. However, the amount of the first subscription of shares shall be Yen 20,000,000, not including the shares to be owned by the Imperial Japanese Government. The second and subsequent subscriptions shall be opened from time to time, as necessity may require, upon the resolution of a general meeting of the shareholders.

"ARTICLE 6.—The public notices of this company shall be published in the newspapers in which the public notices of the court of law are published to whose jurisdiction the company is subject in Tokyo [the location of the head-office], and in the newspapers in which the public notices of the Government General of Kwantung are published at Tairen.

"CHAPTER II.—*Shares.*

"ARTICLE 7.—The share certificates of this company shall all be registered, and each share shall be two hundred (200) Yen.

"ARTICLE 8.—The certificates of shares of this company shall be of the following seven denominations:

"One-share certificates

"Five-share certificates

"Ten-share certificates

"Fifty-share certificates

"One hundred-share certificates

"One thousand-share certificates

"Ten thousand-share certificates

"ARTICLE 9.—The certificates of shares of this company shall bear the name of the company, the date of registration, the total amount of capital, the amount of each share, the amount paid up,

and the number of the certificate. They shall bear the signature and seal of the President.

"ARTICLE 10.—As to the payments upon the shares, twenty (20) Yen per share shall be paid in at the first call. For the second and subsequent calls on the shares, the President shall determine the amount to be paid in as well as the time of payment, and notice of the same shall be sent to each shareholder at least sixty (60) days in advance. However, each call on the shares shall not exceed twenty (20) Yen per share.

"ARTICLE 11.—If a shareholder fails to make payment by the date fixed for payment on the shares, delay interest shall be charged him at the rate of four (4) sen per day per one hundred (100) Yen on the amount due.

"ARTICLE 12.—If a shareholder fails to make payment within fifteen (15) days from the date fixed for the first payment on the shares, the company may demand that payment be made within thirty days; and if the money is not paid in by that time the company may notify him that his rights as a shareholder of this company shall be forfeited.

"In the case mentioned in the previous paragraph, where rights are lost, the application money previously paid shall not be refunded.

"ARTICLE 13.—If at the second and subsequent calls on the shares a shareholder fails to make payment within fifteen (15) days after the date fixed for payment, the company may notify such shareholder that payment must be made within thirty (30) days, and that, in the case of failure to comply, his rights as a shareholder of this company shall be forfeited.

"When, in the case mentioned in the previous paragraph, a shareholder has forfeited his rights as such, the company shall notify each assignor [*i.e.,* one who has previously held the shares] of shares that payment must be made within fifteen (15) days, and the assignor who first pays the amount in arrears shall acquire the shares. If no assignor pays, the company shall sell the shares at auction. If the amount realized by the auction is not sufficient to cover the amount in arrears, the previous shareholder shall be required to make good the deficit. If the previous shareholder does not make good within fourteen (14) days, the company shall demand performance of the assignors.

"ARTICLE 14.—The liability of the assignors mentioned in the preceding Article is extinguished after two years from the time when the assignment was entered in the Register of Shareholders.

"ARTICLE 15.—If a company or any other legal person, public or private, owns the shares of this company, it shall appoint its representative and have his name entered in the Register of Shareholders of this company. If shares are held by two or more persons in common, they are required to appoint one person to exercise their rights as shareholder. Persons holding shares in common are jointly and severally liable to the company for the payment upon the shares.

"ARTICLE 16.—When shares are to be assigned, the parties concerned shall make a written statement in accordance with the form prescribed by this company and apply for the alteration of the certificates of shares. However, when a person inherits shares by virtue of succession, bequest or any decision rendered by a court of law, such person is required to attach to the statement referred to a certificate of the census official or other documents as evidence that the company may deem necessary.

"The assignment of any share shall not be valid unless the name and domicile of the assignee are entered in the Register of Shareholders and the name of the said assignee is entered on the share certificate in question.

"ARTICLE 17.—Should any certificate of shares be destroyed, mutilated or lost, the shareholder may apply for a new certificate of shares by presenting to the company a statement giving the facts in the case and signed by two or more persons as guarantors. However, in case of loss, a public notice to that effect shall be given at the expense of the applicant, and the new certificate of shares shall be issued only when no objection is raised within sixty (60) days from the date of the said public notice.

"ARTICLE 18.—If any shareholder wishes to change the denominations of his certificates of shares, the said certificates shall be presented to the company together with the application.

"ARTICLE 19.—For the registration of a change of an owner's name on a certificate of shares, the issue of a new certificate of shares or the alteration of the denomination of a certificate of shares, the prescribed fees of the company shall be collected from the applicant.

"ARTICLE 20.—During a period not exceeding thirty (30) days immediately preceding each ordinary general meeting of shareholders, the company shall suspend the assignment of shares.

"CHAPTER III.—*Shareholders.*

"ARTICLE 21.—The shareholders of this company shall be limited to the Governments of Japan and China, and the subjects of Japan and China.

"ARTICLE 22.—The Imperial Japanese Government shall furnish the following properties as capital, and the company shall deliver to the Government five hundred thousand (500,000) shares, amounting to Yen 100,000,000, which is the value of the said properties:

"The existing railways (except the rolling stock now actually in use, as well as the rails and accessories of the Mukden-Antunghsien temporary railway).

"All properties attached to the railways referred to, except such properties within the leased territory as may be designated by the Government.

"The coal-mines at Fushun and Yentai.

"ARTICLE 23.—Each shareholder shall have the right to one vote for each share owned by him.

"ARTICLE 24.—The shareholders and their legal representatives shall report to the company their domiciles, names and a copy of their legal seals, when they acquire shares. When any alteration in the above facts has taken place, similar measures shall be taken.

"CHAPTER IV.—*General meeting.*

"ARTICLE 25.—An ordinary general meeting shall be called by the President twice every year in the months of June and December. An extraordinary general meeting shall be called by the President when the President or the Inspectors deem it necessary to do so, or when the shareholders owning at least one-tenth or more of the total number of shares have presented a request to that effect, stating the object of the general meeting and the reasons for calling the same. When the shareholders have requested a general meeting to be called, the President shall take steps for calling the same within fourteen (14) days.

"ARTICLE 26.—The discussion at a general meeting shall be confined to the subjects previously announced.

"ARTICLE 27.—The date, time and place of a general meeting shall be determined by the President, and a notice to that effect shall be sent out to the shareholders at least thirty (30) days in advance of such meeting.

"ARTICLE 28.—The President shall act as chairman of a general meeting.

"ARTICLE 29.—The shareholders may appoint only shareholders of this company as their representatives, and their powers of attorney shall be presented to the company.

ARTICLE 30.—The chairman of the general meeting shall be allowed to exercise his right to vote as a shareholder.

"ARTICLE 31.—Resolutions of a general meeting shall be adopted by a majority vote of the shareholders present. In case of a tie, the chairman shall have the casting vote.

"ARTICLE 32.—The issuance of company debentures or amendments to the Articles of Incorporation shall be decided by a majority vote, with more than one-half of the total number of shareholders and also of shareholders representing a half or more of the capital stock present.

"If, in the case mentioned in the preceding paragraph the necessary quorum is not present, a provisional decision may be made by a majority of the shareholders present. A notification giving the essential details of the said provisional decision shall be sent to each shareholder, and another general meeting shall be called in not less than one month.

"At the second general meeting the said provisional decision shall be confirmed or rejected by a majority vote of the shareholders present.

"ARTICLE 33.—The minutes of a general meeting shall be recorded in the Proceedings of the general meetings, and the same shall bear the signatures and seals of the President and chief officers present.

"ARTICLE 34.—The chairman of the general meeting may adjourn the meeting or change the place of meeting. The discussion at an adjourned meeting shall be confined to the subjects on which no decision was made at the preceding meeting.

"CHAPTER V.—*Chief officers.*

"ARTICLE 35.—The chief officers of this company shall be as follows:

President	1
Vice-President	1
Directors	4 or more
Inspectors	3 to 5

"ARTICLE 36.—The term of office of the President and Vice-President shall be five years, and they shall be appointed by the Government subject to the Imperial sanction.

"The term of office of the Directors shall be four years, and they shall be appointed by the Government from among those who own fifty (50) shares or more.

"The term of office of the Inspectors shall be three years, and they are to be elected by the shareholders at a general meeting of the shareholders.

"ARTICLE 37.—The remunerations and allowances of the President, Vice-President and Directors shall be determined by the Government.

"The remuneration of the Inspectors shall be determined by a resolution of a general meeting of the shareholders.

"ARTICLE 38.—The Directors are required, during their term of office, to deposit with the Inspectors fifty (50) shares of the company owned by them. These shares shall not be returned to their owners even on their retirement from office until all affairs transacted during their term of office shall have been approved at a general meeting.

"ARTICLE 39.—In the event of the office of any Inspector becoming vacant, an extraordinary general meeting of the shareholders shall be called for the purpose of a by-election, and the new Inspector shall hold office during the remainder of the term of office of his predecessor.

"However, a by-election may be postponed until the next general meeting of the shareholders, except when the number of Inspectors has decreased to two or less.

"ARTICLE 40.—The President shall represent the company and have general control of all its affairs.

"The Vice-President shall represent the President when he is prevented from discharging his official duties, and shall act as President when that office is left vacant.

"The Vice-President and the Directors shall assist the President, and each shall take charge of a part of the business of the company.

"The Inspectors shall inspect the affairs of the company.

"ARTICLE 41.—During their respective terms of office the President, Vice-President and Directors shall not engage in any other occupation or business under any name whatever without the permission of the Government.

"ARTICLE 42.—The President shall keep at the head-office as well as the branch office copies of the Articles of Incorporation

and of the Record of Resolutions of the general meetings of shareholders. He shall also keep at the head-office the Register of Shareholders and the Ledger of Debentures.

"ARTICLE 43.—The President shall submit the following documents to the Inspectors seven (7) days in advance of the date set for the ordinary general meeting of shareholders:

"(1) An inventory of the company's properties.

"(2) A balance sheet.

"(3) A report on the company's works.

"(4) An account of the profits and losses.

"(5) Proposals relating to the reserve funds and to the dividends.

"ARTICLE 44.—The President shall have in readiness at the head-office before the day of an ordinary general meeting of the shareholders the documents mentioned in the preceding Article and the Inspectors' report.

"ARTICLE 45.—The President shall submit to an ordinary general meeting of the shareholders the documents mentioned in Article 43 and obtain its approval.

"The President shall publish the balance sheet when he has obtained the approval mentioned in the preceding paragraph.

"ARTICLE 46.—The Inspectors are required to examine the documents to be submitted by the President to a general meeting of shareholders and to report their views at the said meeting.

"ARTICLE 47.—The Inspectors may at any time demand the President to report on the business of the company, and may examine the management of its affairs and the condition of its properties.

"CHAPTER VI.—*Supervisors.*

"ARTICLE 48.—The Supervisors of the South Manchuria Railway Joint Stock Company may at any time inspect the arrangements of the company's work, or examine the safes and books of the company, as well as the various documents and articles belonging to it.

"The Supervisors may, whenever they deem it necessary, order the company to report on the various business accounts and the condition of the company.

"The Supervisors may attend the general meetings of the shareholders or any other meetings and express their opinions, but they are not entitled to vote.

"CHAPTER VII.—*Accounts.*

"ARTICLE 49.—The account of this company shall be settled by dividing a year into two periods. From April to September of every year shall be the first half year and from October to the following March shall be the second half year.

"ARTICLE 50.—This company shall set aside as a reserve fund one-twentieth (1/20) or more of the profits, whenever they are apportioned, until the reserve fund amounts to one-fourth (1/4) of the capital.

"Special reserve funds other than that provided for in the preceding paragraph shall be determined by a resolution of a general meeting.

"ARTICLE 51.—The dividends to the shareholders shall be paid according to the Register of Shareholders as it stands on June 1 and December 1.

"ARTICLE 52.—When the dividend of the company for any business year is less than six (6) per cent per annum on the paid-up capital for the shareholders other than the Governments of Japan and China (hereafter to be styled merely 'the shareholders'), the Imperial Japanese Government shall supply the deficiency for a period of fifteen (15) years commencing from the day of the registration of the company's establishment. However, the amount of money to be supplied by the Government shall, under no circumstances, exceed six (6) per cent per annum on the capital paid in by the shareholders.

"ARTICLE 53.—When the dividend of the company does not exceed (6) per cent per annum on the capital paid in by the shareholders, the dividend on the shares owned by the Government need not be paid.

"The shares owned by the Chinese Government shall be dealt with in a similar way to those owned by the Imperial Japanese Government.

"ARTICLE 54.—The payment of interest on the debentures which the company may issue for the reconstruction of the railways, or for the operation of the accessory business, and on those which the company may issue for consolidating or redeeming old debentures, shall be guaranteed by the Imperial Japanese Government.

"The reimbursement of the principal may also, if necessary, be guaranteed by the Imperial Japanese Government. The amount

of the face value of the debentures to be guaranteed by the Imperial Japanese Government shall not exceed the amount remaining when the capital paid in by the shareholders other than the Imperial Japanese Government is subtracted from the total of the capital (Yen 100,000,000) subscribed by them.

"The debentures mentioned in the first paragraph of this Article shall be redeemed within twenty-five (25) years.

"ARTICLE 55.—For the debentures issued in accordance with the provisions of the first paragraph of the preceding Article, the Government shall supply the amount corresponding to the interest on the debentures.

"When the dividend on the capital paid up by the shareholders exceeds six (6) per cent per annum, the surplus shall first be applied to the payment of the interest on the debentures. However, in this case the amount of surplus shall be deducted from the money to be supplied by the Government mentioned in the preceding paragraph.

"ARTICLE 56.—When there is any surplus after paying the interest on the debentures, as mentioned in the preceding Article, out of the profits of the company's business, the said surplus shall be apportioned to the shares owned by the Governments of Japan and China until the rate is equal on the respective amounts paid up by all shareholders.

"ARTICLE 57.—The money to be supplied by the Imperial Japanese Government, as provided for in Articles 52 and 55, shall bear interest at six (6) per cent per annum. The interest shall be added annually to the principal, and the total shall be the company's indebtedness to the Imperial Japanese Government.

"When the dividend for all shares exceeds ten (10) per cent per annum, the surplus shall be devoted to the redemption of the company's debt mentioned in the preceding paragraph.

"CHAPTER VIII.—*Expenses for organizing the company.*

"ARTICLE 58.—The expenses for organizing the company shall not exceed 50,000 Yen.

"Of the amount mentioned in the preceding paragraph that advanced by the Government shall be reimbursed by the company.

"Supplementary Article.

"ARTICLE 59.—The provisions in Articles 52 to 57 shall be confirmed upon being approved by the Imperial Diet."

APPENDIX XXIII

JAPAN AND RUSSIA

Political Convention.—July 30, 1907.

The Government of his Majesty the Emperor of Japan and the Government of his Majesty the Emperor of All the Russias, desiring to consolidate the relations of peace and good neighborhood which have happily been re-established between Japan and Russia, and wishing to remove for the future every cause of misunderstanding in the relations of the two Empires, have agreed upon the following provisions:—

Art. I.—Each of the High Contracting Parties engages to respect the actual territorial integrity of the other, and all the rights accruing to one and the other Party from the treaties, conventions and contracts in force between them and China, copies of which have been exchanged between the Contracting Parties (in so far as these rights are not incompatible with the principle of equal opportunity), from the treaty signed at Portsmouth on the 5th of September (23rd of August), 1905, as well as from the special conventions concluded between Japan and Russia.

Art. II.—The two High Contracting Parties recognise the independence and the territorial integrity of the Empire of China and the principle of equal opportunity in whatever concerns the commerce and industry of all nations in that empire, and engage to sustain and defend the maintenance of the *status quo* and respect for this principle by all the pacific means within their reach.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed this Convention and have affixed their seals.

Done at St. Petersburg, the 30th day of the 7th month of the 40th year of Meiji, corresponding to the 30th (17th) of July, 1907.

(Signed) I. Motono.
(Signed) Iswolsky.

APPENDIX XXIV

GREAT BRITAIN (Pauling & Company), UNITED STATES (American Group) AND CHINA.

Preliminary agreement providing for the financing, construction and operation of the railway from Chinchou to Aigun.—October 2, 1909.

This Preliminary Agreement to provide for the financing, construction and operation of the Railway from Chinchou to Aigun is made between their excellencies the viceroy of Manchuria and the governor of Fengtien, hereinafter called the administration, of the one part, and the American group and its associates (such associates to be admitted to participation with the full consent of, and to the extent,—not more than forty per cent of the whole,—to be determined by the Chinese Government), hereinafter called the banks, and Pauling & Co., hereinafter called the Contractors, of the other part:

Now it is hereby mutually agreed by and between the parties hereto as follows:

I.—The administration engages to borrow from the bank the sum necessary to construct the railway from Chinchou to Aigun. The rate of interest for this loan shall not exceed 5 per cent per annum, and the terms of issue, which shall be the most favorable obtainable, and the other details of procedure shall be arranged in a mutually satisfactory manner.

The payment of interest and amortization of this loan shall be guaranteed by the Imperial Chinese Government and the security therefor shall be the railway line.

Interest payments and amortization shall be met by the receipts of the railway or the proceeds of the loan, and if these be insufficient, by Manchurian revenues as may hereafter be selected by the administration and the bank in a manner to be mutually satisfactory.

The first bond issue shall be for the amount necessary for the construction and equipment of the railway between Chinchou and Tsitsihar. The second shall be for the construction and equipment of the railway between Tsitsihar and Aigun.

An equitable arrangement shall be made for the redemption of the bond issue by the board of communications prior to the expiration of their term.

II.—The administration agrees to contract with the contractors for the construction and equipment of this road. The contractors engage to build and equip the line using the best possible materials on the cheapest possible terms.

The detailed terms and conditions, etc., shall be arranged hereafter in a manner that shall be mutually satisfactory.

III.—On equal terms Chinese materials shall be given the preference. If however Chinese materials are not available recourse shall be had to other markets.

The administration shall be liable to the contractors only for the contract price of the railway and it is clearly understood that no commission shall be paid on the purchase of materials.

IV.—During the construction of this railway the appointment of the chief engineer shall be vested in Pauling & Co. but this appointment must be approved by the president of the railway company to be designated by the Imperial Chinese Government. The chief engineer shall be under the control of the Board of Communications and the Railway Company.

V.—As the work of construction is completed section by section the railway shall be operated, during the currency of the loan, by a company which shall be under the control of the board of communications. If after the payment of interest and amortization charges, and operating expenses, there be a surplus the railway company shall receive 10 per cent thereof.

VI.—The company shall be composed of Chinese, Americans and British as may be hereafter arranged, the Chinese to have a majority interest in the control, but under no circumstances shall persons of any other nationality than those herein mentioned have any voice in the management or control of the company without the full permission of the Imperial Chinese Government.

The company shall have as its president a high official appointed by the Imperial Chinese Government. The other details of organization shall be subsequently arranged in a mutually satisfactory manner.

VII.—This railway company is to be organized by Chinese, American and British interests. It is recognized however that this line is constructed in Chinese territory for commercial purposes and in case of war may be used only for the transportation of Chinese troops and munitions of war.

VIII.—This preliminary agreement is signed by their excellencies the viceroy of Manchuria and the governor of Fengtien with

the bank and the contractors subject to approval by imperial edict, without which it shall be null and void.

IX.—In case certain portions of this agreement are characterized as unacceptable by the imperial edict or in case the administration finds on further consideration that there are certain unsatisfactory provisions therein, these clauses, to which exception has been taken, shall be revised in the detailed agreements in a manner which shall be satisfactory to all parties.

X.—This agreement is executed in triplicate in English and Chinese, one set to be retained by their excellencies the viceroy of Manchuria and the governor of Fengtien, one set by the American group, and one set by Pauling & Co. In case there be any misunderstanding arising from a difference between the English and Chinese texts the matter shall be settled by a mutually satisfactory arrangement.

Signed at Mukden by the contracting parties this nineteenth day of the eighth moon of the first year of the Emperor Hsuan Tung, being the 2d day of October of the Year 1909 of the western calendar.

(Signed)
The Viceroy of Manchuria and the
Governor of Fengtien.

(Signed) For J. P. MORGAN AND COMPANY,
KUHN, LOEB AND COMPANY,
THE FIRST NATIONAL BANK,
THE NATIONAL CITY BANK OF NEW YORK,
Constituting the American Group,
WILLARD D. STRAIGHT,
Agent.

(Signed) For PAULING AND COMPANY,
FRENCH, *per W. D. S.*
Agent.

Note.

The imperial edict of approval, contemplated by Article VIII of the agreement, was issued on January 21, 1910, but no detailed agreement in pursuance of this preliminary agreement has yet been concluded.

For the protests made in behalf of other nationalities against this agreement, see *The Forum,* July, 1910, pp. 74-83.

In connection with this agreement, see the memorandum of agreement between the American group and Pauling & Co., as follows:

Memorandum of Agreement between the American Group and Pauling & Company, October 6, 1909.

In addition to the provisions of the Preliminary Agreement with Their Excellencies, the Viceroy of Manchuria and the Governor of Fengtien for the financing, construction, and subsequent operation of the Railway from Chinchou to Aigun to which the American Group as well as Pauling and Company are parties.

It is agreed as between the American Group and Pauling and Company that:

I.—Since it may be necessary for the American Group in making its financial arrangements with the Chinese Government to furnish funds on terms ensuring a margin of profit not commensurate with the risks involved, Pauling and Company will give the American Group not less than 2½ per cent. of the contract price for both sections of the railway referred to, such percentage to be paid on the completion of the entire road.

II.—At least one-half of the materials and equipment purchased in Europe and America shall be American.

III.—In view of the fact that upon completion the railway will be operated by a Company in which the American Group as well as Pauling and Company will be equally interested (unless otherwise arranged to the satisfaction of both parties), certain American engineers to be recommended by the American Group shall be employed by Pauling and Company during the period of construction.

IV.—All other details necessary to secure proper cooperation between the parties to this Agreement shall be arranged upon a mutually satisfactory basis.

V.—Any revision of the above stipulations, if such be found necessary, shall be made by mutual agreement.

Signed in duplicate at Peking this sixth day of October One Thousand Nine Hundred and Nine.

For J. P. Morgan and Company,
Kuhn, Loeb and Company,
The First National Bank,
The National City Bank of New York,
constituting the American Group.

(Signed) W. Straight.
Agent.

Subject to ratification by my principals.

For Pauling and Company,
(Signed) FRENCH.
Agent.

Subject to ratification by my principals.

APPENDIX XXV

JAPAN AND RUSSIA

Convention in regard to Manchuria.—July 4, 1910.

The Imperial Government of Russia and the Imperial Government of Japan, sincerely attached to the principles established by the convention concluded between them July 17/30, 1907, and desiring to develop the results of that convention with a view to the consolidation of peace in the Far East, have agreed to complete the said arrangement by the following agreements:

ART. I.—For the purpose of facilitating the communications and developing the commerce of the nations, the two High Contracting Parties engage mutually to lend each other their friendly cooperation with a view to the improvement of their respective lines of railroad in Manchuria, and to the perfecting of the connecting service of the said railways, and to refrain from all competition unfavorable to the attainment of this result.

ART. II.—Each of the High Contracting Parties engages to maintain and to respect the *status quo* in Manchuria as it results from all the treaties, conventions or other arrangements hitherto concluded, either between Russia and Japan or between these two Powers and China. Copies of the aforesaid arrangements have been exchanged between Russia and Japan.

ART. III.—In case any event of such a nature as to menace the above-mentioned *status quo* should be brought about, the two High Contracting Parties will in each instance enter into communication with each other, for the purpose of agreeing upon the measures that they may judge it necessary to take for the maintenance of the said *status quo*.

In faith of which the undersigned, duly authorized by their respective Governments, have signed this convention and set their seals thereto.

Done at St. Petersburg, June 21 (July 4), 1910, correspond-

ing to the 4th day of the 7th month of the forty-third year of Meiji.

(Signed) ISWOLSKY (L.S.) (Signed) MOTONO (L.S.)

APPENDIX XXVI

JAPAN AND CHINA

TREATY RESPECTING SOUTH MANCHURIA AND EASTERN INNER MONGOLIA

His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, having resolved to conclude a Treaty with a view to developing their economic relations in South Manchuria and Eastern Inner Mongolia, have for that purpose named as their Plenipotentiaries, that is to say;

His Excellency the President of the Republic of China, Lou Tseng-tsiang, *Chung-ching,* First Class *Chia-ho* Decoration, and Minister of Foreign Affairs; And His Majesty the Emperor of Japan, Hioki Eki, *Jushii,* Second Class of the Imperial Order of the Sacred Treasure, Minister Plenipotentiary and Envoy Extraordinary;

Who, after having communicated to each other their full powers, and found them to be in good and due form, have agreed upon and concluded the following Articles:—

Article 1.—The two High Contracting Parties agree that the term of lease of Port Arthur and Dalny and the terms of the South Manchuria Railway and the Antung-Mukden Railway, shall be extended to 99 years.

Article 2.—Japanese subjects in South Manchuria may, by negotiation, lease land necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises.

Article 3.—Japanese subjects shall be free to reside and travel in South Manchuria and to engage in business and manufacture of any kind whatsoever.

Article 4.—In the event of Japanese and Chinese desiring jointly to undertake agricultural enterprises and industries incidental thereto, the Chinese Government may give its permission.

Article 5.—The Japanese subjects referred to in the preceding three articles, besides being required to register with the local

Authorities passports which they must procure under the existing regulations, shall also submit to the police laws and ordinances and taxation of China.

Civil and criminal cases in which the defendants are Japanese shall be tried and adjudicated by the Japanese Consul; those in which the defendants are Chinese shall be tried and adjudicated by Chinese Authorities. In either case an officer may be deputed to the court to attend the proceedings. But mixed civil cases between Chinese and Japanese relating to land shall be tried and adjudicated by delegates of both nations conjointly in accordance with Chinese law and local usage.

When, in future, the judicial system in the said region is completely reformed, all civil and criminal cases concerning Japanese subjects shall be tried and adjudicated entirely by Chinese law courts.

Article 6.—The Chinese Government agrees, in the interest of trade and for the residence of foreigners, to open by China herself, as soon as possible, certain suitable places in Eastern Inner Mongolia as Commercial Ports.

Article 7.—The Chinese Government agrees speedily to make a fundamental revision of the Kirin-Changchun Railway Loan Agreement, taking as a standard the provisions in railway loan agreements made heretofore between China and foreign financiers.

When in future, more advantageous terms than those in existing railway loan agreements are granted to foreign financiers in connection with railway loans, the above agreement shall again be revised in accordance with Japan's wishes.

Article 8.—All existing treaties between China and Japan relating to Manchuria shall, except where otherwise provided for by this Treaty, remain in force.

Article 9.—The present Treaty shall come into force on the date of its signature. The present Treaty shall be ratified by His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, and the ratifications thereof shall be exchanged at Tokio as soon as possible.

In witness whereof the respective Plenipotentiaries of the two High Contracting Parties have signed and sealed the present Treaty, two copies in the Chinese language and two in Japanese.

Done at Peking this twenty-fifth day of the fifth month of the fourth year of the Republic of China, corresponding to the same day of the same month of the fourth year of Taisho.

Exchange of Notes Respecting the Terms of Lease of Port Arthur and Dalny and the Terms of South Manchurian and Antung-Mukden Railways.

—Note—

Peking,
the 25th day of the 5th month of
the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that, respecting the provisions contained in Article I of the Treaty relating to South Manchuria and Eastern Inner Mongolia, signed this day, the term of lease of Port Arthur and Dalny shall expire in the 86th year of the Republic or 1997. The date for restoring the South Manchuria Railway to China shall fall due in the 91st year of the Republic or 2002. Article 12 in the original South Manchurian Railway Agreement providing that it may be redeemed by China after 36 years from the day on which the traffic is opened is hereby cancelled. The term of the Antung-Mukden Railway shall expire in the 96th year of the Republic or 2007.

I avail, etc.,
(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

—Reply—

Peking,
the 25th day of the 5th month of
the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date, in which you stated "that respecting the provisions contained in Article 1 of the Treaty relating to South Manchuria and Eastern Inner Mongolia, signed this day, the term of lease of Port Arthur and Dalny shall expire in the 86th year of the Republic or 1997. The date for restoring the South Manchurian Railway to China shall fall due in the 91st

year of the Republic or 2002. Article 12 in the original South Manchurian Railway Agreement providing that it may be redeemed by China after 36 years from the day on which the traffic is opened, is hereby cancelled. The term of the Antung-Mukden Railway shall expire in the 96th year of the Republic or 2007."

In reply I beg to state that I have taken note of the same.

I avail, etc.,
(Signed) HIOKI EKI.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

EXCHANGE OF NOTES RESPECTING THE OPENING OF PORTS IN EASTERN INNER MONGOLIA.

—Note—

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that the places which ought to be opened as Commercial Ports by China herself, as provided in Article 6 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, will be selected, and the regulations therefor will be drawn up, by the Chinese Government itself, a decision concerning which will be made after consulting the Minister of Japan.

I avail, etc.,
(Signed) LOU TSENG-TSIANG.

His Excellency,
Hioki Eki,
Japanese Minister.

—Reply—

Peking, the 25th day of the 5th month of the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you stated "that the places which ought to be opened as Commercial Ports by China herself, as provided in Article 6 of the Treaty respecting South Man-

churia and Eastern Inner Mongolia signed this day, will be selected, and the regulations therefor will be drawn up, by the Chinese Government itself, a decision concerning which will be made after consulting the Minister of Japan."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

EXCHANGE OF NOTES RESPECTING MINING AREAS IN SOUTH MANCHURIA.

—*Note*—

Peking, the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honor to state that Japanese subjects shall, as soon as possible, investigate and select mines in the mining areas in South Manchuria specified hereinunder, except those being prospected for or worked, and the Chinese Government will then permit them to prospect or work the same; but before the Mining Regulations are definitely settled, the practice at present in force shall be followed.

Provinces:	*Locality*	*District*	*Mineral*
Fengtien	Niu Hsin T'ai	Pen-hsi	Coal
	Tien Shih Fu Kou	"	"
	Sha Sung Kang	Hai-lung	"
	T'ieh Ch'ang	Tung-hua	"
	Nuan Ti T'ang	Chin	"
	An Shan Chan region	From Liaoyang to Pen-hsi	Iron
Kirin (southern portion)			
	Sha Sung Kang	Ho-lung	C. I.
	Kang Yao	Chi-lin (Kirin)	Coal
	Chia P'i Kou	Hua-tien	Gold.

I avail, etc.,

(Signed) LOU TSENG-TSIANG.

His Excellency,
Hioki Eki,
Japanese Minister.

—Reply—

Peking, the 25th day of the 5th Month of the 4th Year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day respecting the opening of mines in South Manchuria, stating; "Japanese subjects shall, as soon as possible, investigate and select mines in the mining areas in South Manchuria specified hereinunder, except those being prospected for or worked, and the Chinese Government will then permit them to prospect and/or work the same; but before the Mining Regulations are definitely settled, the practice at present in force shall be followed.

Provinces:	*Locality*	*District*	*Mineral*
Fengtien	1. Niu Hsin T'ai	Pen-hsi	Coal
	2. Tien Shih Fu Kou	"	"
	3. Sha Sung Kang	Hai-lung	"
	4. T'ieh Ch'ang	Tung-hua	"
	5. Nuan Ti T'ang	Chin	"
	6. An Shan Chan region	From Liaoyang to Pen-hsi	Iron
Kirin (southern portion)			
	1. Sha Sung Kang	Ho-lung	C. I.
	2. Kang Yao	Chi-lin (Kirin)	Coal
	3. Chia P'i Kou	Hua-tien	Gold."

His Excellency,
Lou Tseng-tsiang,

I avail, etc.,
(Signed) Hioki Eki
Minister of Foreign Affairs of the Republic of China.

Exchange of Notes Respecting Railways and Taxes in South Manchuria and Eastern Inner Mongolia

—Note—

Peking, the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

In the name of my Government, I have the honour to make the following declaration to your Government:—

China will hereafter provide funds for building necessary railways in South Manchuria and Eastern Inner Mongolia; if foreign capital is required China may negotiate for a loan with Japanese capitalists first; and further, the Chinese Government, when making a loan in future on the security of the taxes in the above-mentioned places (excluding the salt and customs revenue which have already been pledged by the Chinese Central Government) may negotiate for it with Japanese capitalists first.

I avail, etc.,

(Signed) LOU TSENG-TSIANG.

His Excellency,
Hioki Eki,
Japanese Minister.

—Reply—

Peking, the 25th day of the 5th month
of the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date respecting railways and taxes in South Manchuria and Eastern Inner Mongolia in which you stated:

China will hereafter provide funds for building necessary railways in South Manchuria and Eastern Inner Mongolia: if foreign capital is required China may negotiate for a loan with Japanese capitalists first; and further, the Chinese Government, when making a loan in future on the security of taxes in the above-mentioned places (excluding the salt and customs revenue which has already been pledged by the Chinese Central Government) may negotiate for it with Japanese capitalists first.

In reply I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

Exchange of Notes Respecting the Employment of Advisers in South Manchuria.

—Note—

Peking, the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

In the name of the Chinese Government, I have the honour to make the following declaration to your Government:—

"Hereafter, if foreign advisers or instructors on political, financial, military or police matters are to be employed in South Manchuria, Japanese may be employed first."

I avail, etc.,

(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

—Reply—

Peking, the 25th day of the 5th month of the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you made the following declaration in the name of your Government:—

"Hereafter if foreign advisers or instructors in political, financial, military or police matters are to be employed in South Manchuria, Japanese may be employed first."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) Hioki Eki.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

Exchange of Notes Respecting the Explanation of "Lease by Negotiation" in South Manchuria.

—Note—

Peking, the 25th day of the 5th month of the 4th year of Taisho.

Excellency,

I have the honour to state that the term "lease by negotiation" contained in Article 2 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day shall be understood to imply a long-term lease of not more than thirty years and also the possibility of its unconditional renewal.

I avail, etc.,

(Signed) Hioki Eki.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

—Reply—

Peking, the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you state

"The term 'lease by negotiation' contained in Article 2 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day shall be understood to imply a long-term lease of not more than thirty years and also the possibility of its unconditional renewal."

In reply I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

Exchange of Notes Respecting the Arrangement for Police Laws and Ordinances and Taxation in South Manchuria and Eastern Inner Mongolia.

—Note—

Peking, the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that, as regards the police laws and ordinances and the taxation to which Japanese subjects shall submit according to Article 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese authorities will come to an understanding with the Japanese Consul before their enforcement.

I avail, etc.,

(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

—Reply—

Peking, the 25th day of the 5th month of the 4th year of Taisho.

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's note of this day's date in which you state.

"As regards the police laws and ordinances and the taxation to which Japanese subjects shall submit according to Article 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese authorities will come to an understanding with the Japanese Consul before their enforcement."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) Hioki Eki.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

Exchange of Notes Respecting the Postponement of the Operation of Articles 2, 3, 4 and 5 of the Treaty Respecting South Manchuria and Eastern Inner Mongolia.

—Note—

Peking, the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that, inasmuch as preparations have to be made regarding Articles 2, 3, 4 & 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese Government proposes that the operation of the said Articles be postponed for a period of three months beginning from the date of the signing of the said Treaty.

I hope your Government will agree to this proposal.

I avail, etc.,

(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

—Reply—

Peking, the 25th day of the 5th month of the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of your Excellency's note of this day's date in which you stated that, "inasmuch as preparations have to be made regarding Articles 2, 3, 4 & 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese Government proposes that the operation of the said Articles be postponed for a period of three months beginning from the date of the signing of the said Treaty."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) Hioki Eki.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

APPENDIX XXVII

JAPAN (Industrial Bank of Japan, Bank of Chosen, and Bank of Taiwan) AND CHINA.

Preliminary Agreement for a Loan for the Construction of the Kirin-Hueining Railway.—June 18, 1918.

For the purpose of constructing the railway from Kirin, in the Republic of China, to Hueining, through the Southern part of Yenchi (Chientao) and the Tumen River, the Government of the Republic of China (hereinafter called *A*) hereby enters into the present preliminary agreement with the three Japanese Banks, the Industrial Bank of Japan, the Bank of Chosen and the Bank of Taiwan, represented by the Industrial Bank of Japan (hereinafter called *B*) as the basis of a formal loan agreement for the same Railway:—

ARTICLE 1.—*A* shall with due promptness outline the amount of funds required for the construction of the railway and other items of necessary expenditure and bring it to the notice of *B* for its consent.

In accordance with the amount of funds required as referred to above, *B* shall issue 5 per cent. public loan bonds of the Republican Government of China in gold currency for *A*.

ARTICLE 2.—The period for the redemption of the present loan shall be limited to forty years. Redemption of the loan shall begin from the 11th year calculating from the date of the issue of the bonds and the method of yearly instalment redemption shall be followed.

ARTICLE 3.—As soon as the formal agreement for the Kirin-Hueining Railway loan is signed, *A* shall begin to construct the line so as to hasten its completion.

ARTICLE 4.—*A* shall build the railway bridge over the Tumen River conjointly with the Railway Department of the Office of the Japanese Governor General for Korea and shall share half of the expenses thereof.

Regarding the through traffic between this railway and the railway in Korea, a separate agreement shall be entered into with a view to developing the traffic and securing the smooth co-operation of the two railways concerned.

ARTICLE 5.—*A* shall pledge the following assets to *B* as

security for payment of interest and redemption of the present loan bonds:

All the property owned by and the revenue due to the railway either at present or in the future.

Without the approval of *B*, *A* shall not offer either the property or the revenue of the railway to others as loan security.

ARTICLE 6.—The actual amount of funds to be received by *A* out of the issue of the present loan bonds shall be such as to be more profitable to *A* than what is stipulated in the Ssupingkai-Chengchiatun Railway Loan Agreement concluded on December 17 of the 4th year of the Republic.

The rate at which the present loan bonds are to be issued shall be fixed according to the circumstances under which they are issued.

ARTICLE 7.—Regarding the particulars which are not provided for under the foregoing articles, they shall be decided upon by *A* and *B* in accordance with the Tientsin-Pukow Railway Loan Agreement signed on the 10th of the 12th moon of the 33rd Year of Kuanghsu.

ARTICLE 8.—The present preliminary agreement shall be the basis of the formal agreement for the Kirin-Hueining Railway Loan, which shall be concluded within six months after the conclusion of the present preliminary agreement.

ARTICLE 9.—Upon the conclusion of the present preliminary agreement, *B* shall pay to *A* an advance of $10,000,000 in full without any deduction for commission.

ARTICLE 10.—The advance referred to above shall bear 7½ per cent. interest per annum; that is, 7½ yen shall be paid for the yearly interest of every 100 yen.

ARTICLE 11.—The advance shall be paid to *A* in specie in exchange for the Treasury Notes issued by *A*.

ARTICLE 12.—The Treasury Notes mentioned in the foregoing article shall be subject to change every six months. At each occasion of their change for new ones, the interest due for the said period shall be paid to *B*.

ARTICLE 13.—After the conclusion of the formal agreement for the Kirin-Hueining Railway Loan, the advance shall have the preferential right of being repaid with the proceeds from the issue of the loan bonds referred to above.

ARTICLE 14.—The payment of the advance, its redemption and the payment of its interest and other transactions in connection therewith shall be carried out at Tokio.

Two copies of the present preliminary agreement shall be written in the Chinese language and two copies in the Japanese language and *A* and *B* shall each keep one copy written in each language. In case any dispute arises with regard to the interpretation of the agreement, the text of the one written in Japanese shall be considered as authoritative.

APPENDIX XXVIII

JAPAN (Industrial Bank of Japan, representing a Syndicate consisting of the Industrial Bank of Japan, the Bank of Taiwan and the Bank of Chosen) AND CHINA.

Preliminary agreement for a loan for railways in Manchuria and Mongolia.—September 28, 1918.

The following preliminary agreement has been concluded between the Government of the Chinese Republic (hereinafter called the Government) and the Industrial Bank of Japan, representing the Industrial Bank of Japan, the Bank of Taiwan and the Bank of Chosen (hereinafter called the Banks), with the object of concluding a loan contract for the purpose of building a railway between Jehol and Taonan, a railway between Changchun and Taonan, a railway between Kirin and Kaiyuan by way of Hailung, and a railway from a point on the Jehol-Taonan Railway to a certain seaport (hereinafter called the Four Railways of Manchuria and Mongolia).

ARTICLE 1.—The Government shall permit the banks to raise all the funds required for building the Jehol-Taonan, Changchun-Taonan, Kirin-Kaiyuan Railways, and the railway between a point on the Jehol-Taonan Railway to a certain seaport, by means of Chinese Government bonds of the Jehol-Taonan Railway, bonds of the Changchun-Taonan Railway, bonds of the Kirin-Kaiyuan Railway, and bonds of the . . . railway respectively (hereinafter called the gold bonds of the Four Manchurian and Mongolian Railways). Provided, however, that the route of the railway from a point on the Jehol-Taonan Railway to a certain seaport shall be decided upon by consultation between the Government and the Banks.

ARTICLE 2.—The Government shall speedily determine the expense for constructing the Four Railways of Manchuria and

Mongolia and all other expenses necessary, and shall obtain the approval of the Banks.

ARTICLE 3.—The term of the gold loans of the Four Railways of Manchuria and Mongolia shall be forty years. The redemption of the principal, to be refunded by annual instalments, shall commence after eleven years, counting from the day of the issue of the loan.

ARTICLE 4.—With the conclusion of the loan contract, the Government shall consult the Banks as to the plan of work to be started according to the plan agreed upon, with a view to speedy construction.

ARTICLE 5.—The Government shall offer the following to the Banks as security for the payment of the principal and interest on the loans:—All the property and revenue of the Four Railways of Manchuria and Mongolia, at present and in the future.

The Government shall not offer the above-mentioned property and revenue to other parties unless the approval of the Banks is obtained.

ARTICLE 6.—The issue price, interest, net amount to be received by the Government, and other conditions, shall be agreed upon between the parties in as favorable terms as possible to the Government when the loan is issued.

ARTICLE 7.—Matters which are not provided for in the foregoing Articles shall be agreed upon by consultation between the Government and the Banks.

ARTICLE 8.—A formal loan contract shall be concluded within four months after the conclusion of the present preliminary agreement.

ARTICLE 9.—With the conclusion of the preliminary contract the Banks shall advance twenty million yen of Japanese currency to the Government. The advance shall be delivered without charging any commission.

ARTICLE 10.—Interest on the advance shall be paid at the rate of eight per cent. per annum or Yen Eight per Yen 100.

ARTICLE 11.—The advance shall be delivered in the form of the discount of Treasury bills issued by the Government.

ARTICLE 12.—The Treasury Bills mentioned in the preceding paragraph shall be renewed every six months, and an amount shall be paid into the banks equal to six months' interest.

ARTICLE 13.—After the final agreement for the loan for the Four Railways in Manchuria and Mongolia has been effected, the Government shall repay previous advances preferentially and with-

out delay from the funds obtained by the issue of a public loan.

ARTICLE 14.—The collection, repayment, payment of interest, and all other payments of the previous advances, shall be made at Tokyo, Japan.

Two sets each in Japanese and Chinese of the preliminary agreement shall be prepared and signed, and the Government and the Banks shall retain a copy of each.

In case a dispute should arise concerning the interpretation of this preliminary agreement, it shall be interpreted according to the Japanese text.

September 28, 7th Year of Taisho.

[Signed.] INDUSTRIAL BANK OF JAPAN,
EIJIRO ONO,
Vice-President.
CHANG TSUNG-HSIANG,
Envoy Extraordinary and Minister Plenipotentiary of China.

Note.

This preliminary agreement was made in pursuance of an exchange of notes between the Chinese Minister at Tokyo and the Japanese Minister for Foreign Affairs, under date of September 24, 1918.

INDEX

Abakait, Pneumonic Plague at, 133
Adachi, Keiji, 164
Administration (see Kwantung Leased Territory — Railway Zone — Chinese Eastern R.R.), provincial, 281, 283; military, 280; local, 284-5; Civil Governor, 281; unofficial government, 285; (see Government)
Afforestation, 199
Agriculture, cultivated area, 141-142; North Manchuria, 144; area, arable, 145; soil, character of, 150-151; cultivation methods, 150, 152; rotation of crops, 153; use of domestic animals in, 153; granary of Asia, 140; Chinese farmers from Shantung, 143; agricultural population, 144; large scale farming, 148, 153
Agricultural Experimental Station, 138
Aigun, 48, 95, 187
Aikiang (see Yalu River)
Alexieff, Admiral, 61, 65
America, financial group, 108; relations with Japan, 109-110
American Trade with Manchuria, 262; American cotton goods in Manchuria, 83
American electric machinery, 116, 136
American experts' visit to Manchurian mines, 136; their recommendation on Anshan acted on, 137
American policy, 220
American proposal (see Knox, Harriman, etc.)
American shipping, 267
American Trade (see Foreign Trade)
Amur River, described, 14, 15, 25, 48, 59, 189, 202
Amur Province, 11, 12, 13, 21, 22, 47, 48, 68, 142, 144-6, 148-9, 154, 170, 177, 179, 187, 199, 201, 281, 284-85
Anglo-Japanese Alliance, 62
Anpang (Amban), 280
Anshan, iron deposit, 114, 139, 210
Anshan Iron and Steel Works, 123, 136, 211
Anti-Japanese Propaganda, 7, 104-105, 130, 274
Antung, opened to foreign trade, 247; port of, 3, 246; commodities handled through, 5; lumber business at, 7; description of, 3; Japanese in, 247; Sino-Japanese corporations at, 7; development of, 247; shipping at, 247; as epitome of Manchuria, 3, 5-7; industrial activities, 4-6
Antung-Mukden Line, description of, 8-10; historic spots along, 7; history of, 8; tunnels, 8; bridges, 8; reconstruction of, 8-9; scenic beauty of, 9-10
Apples, 173, 177
Arakan River gold field, 203
Arboriculture, 175-6
Area, no survey made, 13; estimates given, 13
Argun River, 14, 48, 189, 202
Arsenals, 62
Awaya Farm, 174; achievement of, 175

Banks, Chinese, 404-09
Banks, foreign, 52, 53, 56, 58, 196
Banks, Japanese, 112, 113, 255, 264, 275, 276, 404-09
Bannermen, financial troubles of, 38-39; entry into Peking, 34; schemes to plant them back in Manchuria, 40-41
Barges on Sungari, 249
Barley, 158, 169, 170
Battlefields, 7, 34
Bean-cake, as fertilizer, 79; Japanese demand for, 79, 82
Bean-curd, 161, 162
Bean oil, 161 seq.; uses of, 162; export of, 221, 259 seq.
Bean-oil mills (see Yufang)
Beans (see Soya Beans)
Bezobrazov, Yalu timber, 196; real author of Russo-Japanese war, 197
Birch, 24
Blagoveschensk, 59, 202-03
Boats, on the Liao, 19; Yalu, 246; Sungari, 249
Bolshevik Revolution, effect on Manchuria, 91
Boxer Uprising, 59
Breweries, 235, 236, 239
Bricks, 238
Bridges, Yalu River, 23; Taitze River, 9, 121
Brigandage, 86, 87, 147, 148
Brigands, 86, 87, 147, 148
British trade with Manchuria, 260
British policy in Manchuria, 91
Buckwheat, 158, 171
Burega River, 14

Canals, 252
Capital, foreign, 53, 58, 91, 264
Cars, railway, American, 114
Carts, native, 245
Carts, freight, 245
Cash, 275, 276
Cassini Convention, 50-51, 301-06
Cattle, North Manchuria, increase in, 182
Cement, 238
Census, 13
Cereals, 158, 168, 169, 170
Ceremonies, Board of, 281
Chamber of Commerce, Chinese, 286
Changchun, Chinese entry into, 42
Changchun-Taonan Railway, 113
Changkwansai Mountain, forests, 188
Changpai Mountain, 2, 248; forests on, 188
Chang Tsaolin, 283
Chefoo, 78
Chemical Industries, 237
Cherries, 173

Chiaotou, 10
Chiapikou gold field, 45
Chichakha, 14
Chichiapu, 10
Chien-shan, 211
Chientao, 76, 103
Chihli Province, 45, 47, 155, 236
China, diplomacy, treacherous, 28, 30
China, Manchurian trade, 264
China-Japan War (see Sino-Japanese War)
Chinchou, 95, 155-6, 172-3, 175
Chinchou-Aigun Railway, 95-6, 102
Chinese Eastern Railway, building of, 54-58; concessions for, 50-52; change in policy of, 89-90, 255; cultural work of, 255; its welfare work, 255; financial condition of, 254; rolling stock, 254
Chinese Government Railways, 295-98, 300, 310-19
Chinese Immigrants into Manchuria (see Manchuria), real conqueror of, 43; secret of their success, 44-45
Chinese trade with Manchuria, Chinese merchants followed farmers into Manchuria, 45
Chingtou, 164
Chosen, 2, 3, 15, 27, 32, 64, 74, 75, 76, 77, 141, 192, 199, 208
Chosen farmers, 151, 171
Chosen lumber, 198-99
Chosen pine, 23
Chuanchang, 248, 249
Climate, 24
Coal, 123, 206-210
Coal Mines, 114, 123-25, 206-210
Coast line, 22
Coke, 123, 259
Cocoons, 6
Colleges, 131
Colonists, Chinese, 42-44
Commerce, Domestic (see Trade)
Commerce, Foreign (see Foreign Trade)
Commodities, 6, 244
Communications (see Railways, Canals, Rivers, Trade routes, Yalu, Liao, the Sungari, the Amur—telegraph, &c.)
Concessions, British, 340-41
Concessions, Japanese, 100-101
Consortium, New Four-power, 108; Lamont statement on, 108; his work in Tokyo, 109; Japan, its meaning to, 109; Japan's action on, 109-110; meaning of Japan's joining it, 110
Coolies, migrations, 43; their conquests, 44, 45, 47, 175; farming, 156; at Fushun, 70; Chinese Eastern line, 70
Copper, 213, 214
Copper coins, 274-76
Corn, cultivation of, 167
Cossacks, 48
Cotton crop, 172; American cotton, 172
Cotton yarns, 221, 258
Cotton piece goods, Japanese and American competition in, 83, 273; reason for Japanese gains, 83, 273; chief article of imports, 272
Crops (agriculture—bean, corn, kaoliang, &c.); rotation of, 153
Currency, confusion of, 274; number and kinds of monies, 275-276; monies of different countries circulating in Manchuria, 276
Customs, 91, 231, 297

Dairen, city of, building of by Russians, 72; description, 127
Dairen, port of, port facilities, 127 seq., 268; shipping at, 269; description of, 127 seq.; wharf compounds, 128; trade of, 260-261, 265; coolies working at, 269; warehouses at, 270; coolies passing through, 155; construction of by Japanese, 125 seq.; growth of, 265; bean trade at, 260; Russian efforts to build it, 126; dry dock at, 126, 269; steam line connecting it with other ports, 128; compared with Tsingtao, 266; with New York, 267.
Dairen Central Laboratory, 165
Dairen Steamship Co., 128
Dalainor coal field, 209
Dalny (see Dairen)
Distilleries, 235, 236, 239
Districts, 285
District magistrates, 285-87
Dockyards, 126
Dogs, 182, 183
Dollars, Chinese, 155, 156, 193
Domestic animals, kept by farmers, 179
Donkeys, 180, 182
Dredges, American, 114
Dry docks, 126, 127, 270
Duties, Customs (see Customs)
Dyeing, 237

Eastern Asia, economic bureau, 139
Education, 130-33, 255
Eight banners, formation of, 33, 34, 38
Electric light and power plants, 135-6
Electric railways, 135
Electric works, 231
Elms, 190
Emigrants, Chinese, 240
Emigrants, Russian, 67, 202
Engineering work, 8
Epidemics, 133
Eternal wall (see Wall, Great)
Experimental stations, 138, 172
Exports (see Foreign Trade)

Factories, Chinese, 237; in Kwantung Leased Territory, 237-239
Fakumen-Hsinmintun Railway, 95-96
Farms, size of, 145, 147; price of, 149
Farm labor, 155; wages of, 155-156; life conditions of, 157-158
Fengtien Fu, 13, 280
Fengtien Province (see Mukden Province)
Fensui Range, 10
Fertilizer, 163
Finances, 53, 58, 91, 264
Five Boards, 281
Floods, 20, 22, 151
Flour Mills, history of development, 229, at Harbin, 168, 230, 232; Russians engaged in, 230; Chinese activities in, 234; Japanese interest in, 234
Foreign Trade, character of, 257; import articles, 258; exports, chief, 258; growth of, 259 seq.; Japan's position in, 259 seq.; value of, 259 seq.; U. S. trade with, 262; Japan, Manchuria's chief customer, 262; Japanese supremacy in Manchurian trade, 262; Chinese competition, 264
Forests, 23; area, 187, 189; Kirin Province, 187, 193, 198; on the Khingans, 188; Sansing District, 188; along Chinese Eastern, 188, 194

Formosa, 290
France, 49, 102
Freight, railway, 90; character of, 90; rates, 90
Fruit trees, cultivation of, 172
Fruits, 176; kinds of fruits grown, 176-177
Fuchinling, 8, 121
Fuchou salt field, 237
Furs, 184
Fushun coal, character, 207; analysis, 207
Fushun colliery, origin of, 123 seq.; description of, 123; development of, 124 seq.; story of, 124 seq.; production, 207
Fuyu, State of, 26-27, 170

Gas works, 136
Genghis Khan, 26, 30, 208
Geography, 263
Geological formation, 209
Germany, 54, 61, 342
Ginseng, 36, 37, 74
Ginseng hunters enter Yalu district, 45
Goats, 182
Gold, 201-03
Gold mining, 202-06
Gooch, G. P., 103
Goto, Baron, 136
Government, provincial, 280; local, 285; officials of, 280; unofficial government of, 285; history of changes in form of, 280 seq.; under the Manchu dynasty at Peking, 280; district magistrates, 285; military régime, 281; viceroy of, 282; after revolution, 282; civil and military governors, 281-284; governmental departments, 284
Grapes, 173, 176-77
Great Britain, agreements with China, 17, 46, 387-91; concessions, 17, 46, 387-91
Great Khingan Mountains, 11, 21, 24, 140, 187, 189, 190
Grey, Sir Edward, 97, 102
Guilds, merchant, 285; how they function, 286
Gulf of Chihli, 17, 22, 55
Gulf of Liaotung, 113, 236
Gulf of Tartary, 14

Habarovsk, 68, 90
Haicheng, 157, 170, 206, 290
Haichung, 139
Hailar, market for ponies, 180; cattle market, 181
Hailin District, 23, 169
Hailung District, 171
Hakuba Tunnel, 1
Han, miner, 205
Harbin, building of, 58, 66-69; life in, 69; flour mill center, 71; industrial activities in, 71; distributing center of North Manchuria, 68; flour mills at, 71; bean mills, 71; industrial activities, 70; White Russian refugees in, 66; Russian work in, 65; history of, 66; population, increase of, 66
Harbors, 268
Harriman, Edward H., Manchurian railways, 80-81
Hayashi, Baron, 87
Headmen of villages, 286; their functions, 287
Heitou, 164
Heilungkiang (see Amur River)
Heilungshen (see Amur Province)
Hemp, 158, 171
Hides, 185
Hideyoshi (see Toyotomi)
Hongkong, 46
Hogs, 180, 181, 182, 184
Horses, 180-181
Hoshigaura, 138
Hosie, Sir Alexander, 58, 79, 159
Hospitals, 255; at Dairen, 134, 135
Hotels, 137, 138
Hotuala, 31, 33
Hsiaotaotze salt field, 237
Hsiaowutou, 164
Hsien, 285
Hsiho (river), 9
Hsincheng (see Petuna)
Hsinking, 206
Hsinmintun, 91, 146
Hsiungyocheng, 138
Huanjen, 206
Huangtou, 164
Huatien gold mine, 205-06
Hulan, 21, 47, 168, 171, 187
Hulan River, 22, 58, 230, 231
Huma District, 203
Humara River, 203
Hunchun, 261
Hunghutze (mounted bandits), 20, 130
Hun River, 4, 16, 123, 171, 188, 191, 192, 241
Hunters, 184
Hunting Ground, Imperial, 193
Hurka River, 26, 140, 144, 188, 206
Hygiene, 134, 268

Ichoukiang (see Yalu)
Ignatieff, General, 48, 49
Immigration, 43-45, 46, 202
Imports (see Foreign Trade)
Industries (see under specified heads)
Inhabitants (see People)
International relations, 100-101
Invasions, Japanese, 74-5; Chinese, 41; Russian, 50
Investments, Japanese, 264; Russian, 53, 58; British, 91
Iron and Steel Works, 211, 238
Iron, deposit, China, 210; compared with that of U. S., 210
Iron manufactures, 211, 238
Iron Mines (see Anshan), 210, 211, 212
Itung District, 170, 171
Itung River, 20

Japan, entrance into Manchuria, 74, 84; Russian exclusion of, 82; historic relation with, 74-75; trade relations in early days with, 74; Mongol invasion of, 74; J. Pirates in Manchuria, 74; Chosen, invasion of, by, 75; Russia, relations with, in Manchuria, 88-89; Great Britain, relations with, in Manchuria, 91; summoned by Great Britain to fight in World War, 103; financial and commercial interests in Manchuria, 264; investments in Manchuria, 264
Japanese Banks, 113, 255, 264, 275-6
Japanese entrance into Manchuria, 74
Japanese loans, railway loans to China, 111-112; misused by China, 112
Japanese army notes, 276
Japanese policies in Manchuria, 87; change in, 113

Japanese trade, cotton textiles in Manchuria, 83; advantages over competitors, 83
Japanese traders in Manchuria, 82; Japanese authorities severe with, 83
Japanese treaties and agreements, 12, 76
Jehol-Taonan Railway, 113
Junks, 1, 16, 18, 19, 127, 242-46
Jute, 171, 172

Kaiping salt field, 237
Kaiyuan, 16, 31, 86, 87, 157, 235
Kaidalovo, 54
Kaoli, 26-27
Kaoliang (see Agriculture), cultivation, 165; crop, 165; uses of, 166
Kaoliang liquor, described, 166, 235; output, 166, 236
Kawasaki Dockyard Co., 126
Khingan Mountains (see Great Khingan and Small Khingan)
Khumar River (see Huma River)
Kiaochou, 54, 55
Kin, Kingdom of, 27-30; conquest of China, 29; conquered by Sung culture, 29
Kirin City, 15, 172
Kirin-Changchun Railway, 111, 112, 253, 256
Kirin-Kainei Railway, 111, 112
Kirin-Kaiyuan Railway, 113
Kirin Province, 11, 12, 13, 14, 15, 40, 47, 54, 63-4, 142, 144-6, 148, 170-71, 177, 179, 193, 198, 199, 201, 204-05, 213, 281-85
Kitan, 27, 28
Knox's "Neutralization Plan," 95-97; Grey's comment on, 97, 102; open door policy, 94; Russian answer, 97; Japan, effect on, 98-99; Komura's reply, 99-102; its effect on Russo-Japanese relations, 103
Komura, Baron (later Count), 81, 82; his reply to Knox, 99, 100-102; opposes Harriman scheme, 81; Peking treaties, 82
Korea (see Chosen), 289
Kuanchengtzu (see Changchun)
Kropatkin, General, 67, 197
Kuangyin-shan gold field, 202-03
Kublai Khan, established in Peking, 30; decline of his empire, 30
Kungchuling, 149, 156
Kungchuling Experimental Station, 183; improving live stock by crossing, 184
Kwantung Leased Territory, government of, 84; military régime, 84-85; area, 13, administration, 84

Labor, 70, 156, 237-9
Laboratory (see Dairen Central Laboratory)
Lalin River, 171
Lamont, Thomas W., 108, 109, 110
Lamsdorff-Yangyu convention, 62
Lansi, 170
Leased Territory (see Kwantung Leased Territory)
Laopaihsan (see Changpai-shan)
Lead, 38, 39, 213
Leather, 71, 72, 237
Liao River, as trade route, 18, 240; shipping on, 242; character of stream, 241; its drawbacks, 18; navigation of, 18, 241; junks on, 19; description of, 16-17, 241; trade on, 243
Liaochung, 170
Liaotung Gulf (see Gulf of Liaotung)
Liaotung Peninsula, lease to Russia of, 55; entry of Japan into, 84
Liao Valley, 19, 34, 143, 147, 150-51, 173-4; soil, character, 20; floods in, 20
Liaoyang, 16, 146, 148, 149, 157, 170, 172, 173, 210
Liaoyuen (see Chengchiatun)
Lienshankuan, 10
Likin Tax, 277-278; reform in, 278; Kirin Province, in, 279
Li Hungchang, 50, 51, 52, 60, 76
Li Hunchang-Lobanoff Treaty, story of, 51; text of, 53
Liquors, native, 166, 167, 235
Live stock, 181-182
Loans (see Japanese Loans)
Lobanoff, Prince, 51
Locomotives, American, 114, 122
Logging methods, wasteful, 190, 194-195
Lumber, Antung, 6; markets for, 198
Lumber Undertaking Station of Government, General of Chosen, 198

Macaroni, 171
Machinery, American, 114
Magistrate, District, 285-87
Magnesite, 139, 213
Manchu, 13, 74, 179
Manchu Dynasty, 33, 36, 143, 282
Manchuli, market for cattle, 181, 260, 261
Manchuli-Pogranichinaia Line, 253
Manchuria, entering into, from Chosen, 1-2; defined, 11; physical features of, 11; under Taching Dynasty, 33; farms abandoned, 34-35; North and South Manchuria defined, 12; Peking Government policy to encourage settlements in, 35; its exclusion of Chinese immigrants, 36; Chinese entering it, 37, 43; opened to Chinese, 46-47; independence of, 283; viceroy of, 282
Manufacturing industries, 239
Maoerhshan, 2, 16, 246, 247
Maritime Province, 11, 49, 54, 68, 171
Medicines, 36, 37, 74
Medical University at Mukden, 133; description of, 133; its collection of data on pneumonic plague, 133
Metals (see Minerals)
Miaoerhshan Iron Mine, 211, 212
Millet, cultivation of, 166; export of, 166; crop of, 167
Minerals, 202-13
Mines, history of, 200; opposition to mining, 200; gold, 201; Amur Province, 201; Kirin Province, 201, 204; Mukden Province, 201, 206; Moho gold field, 201; Taipingkou, 202; Kuanyin-shan, 202; Tulu-ho, 202; Huma, 203; Yuchingkou, 203; Arakan, 203; Chiapikou, 205; coal (see Fushun), 206; iron (see Anshan), 210; minor iron fields, 212; copper, 212; silver, 213; lead, 213; antimony, 213; manganese, 213; talc, 213; mica, 213; asbestos, 213; fluorspur, 213; feldspar, 213; silica, 213; graphite, 213
Ming Dynasty, 30, 31, 32, 33, 38
Mitrofanova, 14
Mofang, described, 229-34; number of, 230; old-fashioned methods of, 231
Moho gold field, 201
Mongolia, Eastern Inner, 11, 12, 206

Monies, 275
Morgan, J. P., and Co., 96
Motienling, 10
Mountains, 10, 11, 21, 24, 140, 187-90
Mukden City, electric plant, 117; description, 129; new town of, 129
Mukden Province, 11, 12, 13, 16, 19, 61, 63, 64, 141, 142, 145, 146, 148, 149, 155, 157, 170, 171, 177, 185, 186, 188, 201, 210, 281, 284-85
Mulan, 251
Mules, 152, 153, 179, 182
Muraviev Amurski, Count, 48, 50

Nankin, Treaty of, 46
Nerchinsk, Treaty of, 48
Newchwang Port, 225; opening of, 242-43; history, 242; trade of, 270
Nikolaievsk, 14
Nikolsk, 54
Ninguta, 261
Nonni River, 11, 15, 21, 22, 140, 144, 147, 149, 171
Northern Ports, superintendent of, 281
North Manchuria (see Manchuria)
Nucheng, old Manchu tribe, 31, 32, 240
Nuerhachih, Manchu leader, 31, 32, 33, 34
Nungan, 20, 42, 170, 180

Oak, 23, 24, 186, 190
Oil from shale, 214-219
Oil mills (see *Yufang*), history of development, 224 seq.; at Dairen, 228; at Harbin, 228; extraction method, 226
Oil shales, 213; exploitation by S. M. R., 214; Akabane on, 215 seq.
Oil shale, Fushun deposit of, 214-15; extraction of oil from, 214, 216; Scotch exploitation of shale, 214; experiment in U. S., 218; result of tests of Fushun shale, 214, 217; establishment of retort, 218; magnitude of the plant proposed, 214, 218; commercial possibilities of, 219
Onon River, 30
"Open Door" Policy, and China, 97; and Japan, 92; Standard Oil contract, 93
Orchards, 175-6; orchardists from California, 174
Oshima, General Viscount, 84
Outlaws, Chinese, 86, 87

Paicheng, 27
Paituna (see Petuna)
Paiyangmu, 22
Pangshan salt field, 237
Paper, 237, 258
Pavlov Treaty, 126
Payen, 169
Peaches, 173, 177
Pears, 173, 174, 176
Peasants, 158
Peking, looting of by Allied Forces, 49
Peking Treaty, 49, 81-2, 100, 190
Peking-Mukden Railway, 254
People, 26-47
Penhsihu (see Coal)
Penhsihu Iron and Steel Works (see Iron and Steel Works)
Pescadores, 290
Petuna, 11, 15, 22, 250
Physical features, 11
Pienwutou, 165
Pigs, 180, 181, 182, 184
Pine, 23, 24, 190
Pirates, 74, 75
Plague, pneumonic, 133, 134
Plains, Central Plain, 20
Pneumonic plague, data on, 133; of 1920, 133
Pogranichinaia, 189
Pohai, kingdom of, 27-28, 74; Japan's trade relation with, 74
Police, 285
Pomegranates, 173
Pongees, 186
Population, 65, 66, 72, 86, 129
Port Arthur, building of by Russians, 72
Portsmouth, Treaty of, 65, 79, 92, 100, 101
Ports, opening of (see treaty ports)
Pottery, 5, 237
Prefectures, 280, 285
Puchissu, 10
Punishment, board of, 281

Races in Manchuria, 26
Rafts, 2, 192, 249
Railways (see under separate lines); projected, 256; list of, 253; built by Japanese loans, 111, 255; concessions, 295, 300, 310-19, 331-41
Railway construction, 54, 58; investments, Chinese, 254; investments, Japanese, 264
Railway Zone (South Manchuria R. R.), administration, 130; development of, 129; factories, 139; hospitals, 133, 134; policing of, 130; population, 86, 129; reasons for popularity among Chinese, 86, 129-131; schools in, 131, 132, 133
Rainfall, 25, 173, 174
Reforestation, 199
Research bureaus, 138, 139
Revenue, 36, 202
Rice, 158, 169, 170, 171
Rivers (see Amur River, Liao River, Yalu, Sungari, Nonni, &c.), described, 14; ice-bound, 25
River basins, 19
Roads, in Liao Valley, 20, 242
Rotation of crops, 153
Roubles, 254
Russia, Far Eastern policy, 56; descent on South Manchuria, 54-55; Manchuria, occupation of, 56-57, 60; promise of evacuation, 63; entry into, 48, 54; diplomatic game at Peking, 49, 60; receives Maritime Province, 49; Russian Manchurian policy, change in, 89
Russian gold, 59
Russian immigrants, 67, 202
Russian railway building, 51, 57, 58
Russian occupation of Northern Manchuria, 48-73
Russians, 203-04, 209, 228
Russo-Chinese agreements and conventions, 50, 51, 55, 61, 62, 63, 295-99
Russo-Chinese Bank, 52, 53, 56, 58, 196, 295
Russo-Japanese agreements and treaties, 88, 89
Russo-Japanese War, causes of, 64, 193; Japan's efforts to avoid it, 64-65; Japanese gain through, 79

Sable, traps, 184
St. Petersburg Convention, 103
Salt, 236, 237
Samshu (see Shaochiu)
Sankiangkou, 16
Sansing, forest area, 188
Scenery along the Antung-Mukden line, 9-10
Schools, 131, 255
Shakakou Railway shop, 122
Shales, oil (see Oil Shales)
Shanghai, 17, 23
Shantung immigration, 44, 45, 47
Shaochiu, 166, 235-36
Sharamulen River, 16
Sheep, 181, 250; improving stock by crossing, 183
Shenchou (see Mukden)
Shengking (see Mukden)
Shenking, 281
Shilka River, 14, 189
Shimonoseki Treaty, 78; text, 289
Shipping, at Dairen, 269; Antung, 247; Yingkou, 242-45; Sungari River, 252; Shwangchengpu, 150; Sian District, 171
Siberia, 91
Sifeng District, 171
Silk, Filature, Mukden, 237
Silver Notes, 276
Silver yen, 276
Sino-American Treaties, 261
Sino-Japanese joint enterprises, 7, 213
Sino-Japanese War, battlefields, 7; brought Japanese into Manchuria, 76, 78; causes of, 76-77
Small Khingan Mountains, 21, 24, 140, 187, 189, 190
Soap, 229, 230
Soda, 21
Soil, 21, 150, 151, 250
South Manchuria Railway Company, capitalization, 114, 120; American equipment on, 114, 117; its organization, 118; its investments, 120 seq.; mining operations of (see Fushun, Yentai, Anshan), 122 seq.; schools established by, 131-132; hospitals and medical work of, 133 seq.; subscriptions for its shares, 119; building ports and cities, 125, 129; educational work, 132; hygiene, 134; supplying gas and electricity, 135; iron mining, 136; hotel business, 137; research work, 138; experimental stations, 138; Russian work on, 57; story of, 114 seq.; assets, 114; financial statement, 114; China declined participation in, 120; educational work among Chinese, 132; steel works, 137
South Manchuria Sugar Refining Company, 172
Soya Beans, production, 159; analysis of, 165; Japanese acquaintance with, 79; shipped down to Yingkou, 243; cultivation, 159; species of, 164; exports of, 160, 164, 258 seq., 270; uses of, 79, 161; rise to international trade commodity, 164; railway freight, 272; story of its shipment to England, 159; as food articles, 162; its plants described, 164; kinds of, 164
Spheres of Influence, 12
Spruce, 19
Ssupingkai, 112, 157
Ssupingkai-Chengchiatun Line, 228, 241, 244, 253, 255
Ssupingkai-Taonan Line, 16, 112
Standard Oil Co., oil concession in China, 93
Steamers, 248, 249, 252, 267, 270
Steel (see Iron and Steel Works)
Steppes, of Inner Mongolia, 250; Kirin Province, 248
Stock breeding, 184
Stock farms, 184
Suchiatun, 12
Sugar, Beets, 158, 172
Suifen, 189
Suifen River, 206
Suihua, 21, 169
Sungari River, described, 14-15, 248; as trade route, 248; character of the stream, 249; navigation on, 249-251; shipping on, 252
Sungari Valley, 21-22, 147, 149, 150
Sung Dynasty, conquered by the Kin, 29; its culture conquers Kin, 29
Sutzeho, 171
Suzuki Bean-oil Mill, 162, 226
Sycee, 275

Taching Dynasty, origin of, 31; foreign policy of, 31-32; exclusion of Chinese from Manchuria, 143; establishment of, 33
Taels, kinds of, Haikwan, 257-62; Kuping, 295
Tailing Mountain, 188
Taitsung, foreign policy of, 31-32
Taitze River, 9, 16, 211
Talienwan (see Dairen)
Tao, 284
Taolaichao, 249, 250
Taonan, 95
Taoyin, 284, 285
Tapingkou, 202
Tashihchiao, 57, 58, 155, 156, 157, 213
Tatungkou, lumber market, 191, 260, 261
Tawutou, 164
Taxation, kinds of, 277-278; effect on business of, 278; reform in, 279; history of various taxes, 277
Temples, 10
Textile Mills, 237
Textiles, 83, 237, 274
Three Eastern Provinces, 11, 141, 142, 144, 237, 259, 281-82
Tiaoyutai, 10
Tiehling, 16, 87, 147, 148, 157, 168, 170, 172
Tienpao-shan copper field, 213
Tientsin, 21, 55
Tientsin Treaty, 17, 57, 76, 242
Tiger-skins, 185
Timber, estimated amount, 189
Tobacco, 172, 258
Torin Castle, 1
Toyotomi Hideyoshi, 75
Trade (see Foreign Trade)
Traders, Chinese, 45; Japanese, 82, 83
Trans-Siberian Railway, 50 58, 98
Transportation facilities, 130, 239-45, 252-3
Treaties (see under separate heads—Nerchinsk, Peking, St. Petersburg, Shimonoseki, Tientsin, etc.)
Treaty ports, 237, 291
Trees, species of, 23, 190
Tsao River, 9

Tsitsihar, 21, 95, 180, 228
Tuchun, 283, 284
Tulu-ho gold field, 202
Tumen River, 15, 22, 49, 74, 172, 188, 198
Tungsanhsin (see Three Eastern Provinces)
Tungkiangkou, 19
Tunnels, 9, 10, 121
Tungus, 26, 142
Tussah, at Antung, 6; introduced into Manchuria, 185; production of, 186; cultivation of, 186; climatic conditions affecting it, 186
Tussur (see Tussah)
Tutu, 282
Twenty-one Demands, inside story of, 106; how it was presented, 104; anti-Japanse propagandists capitalize it, 104-105; readjusted at Washington Conference, 107

Unjo-ko, 16

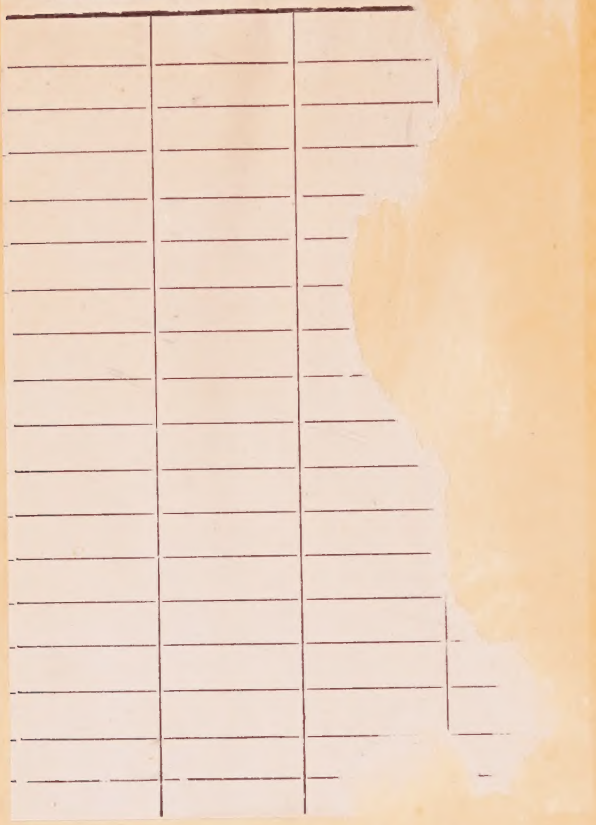
Vladivostok, 50, 52, 54

Wafangtien, 206
Wages, 155, 156, 157
Wall, Great, 11, 22, 31, 32, 37
Warehouses, 269
Waterways (see Rivers)
Wells, 135
Western Liao River, 241
Wharves, 127, 268
Wheat, acreage, 168, 233; crop of, 169; North Manchuria, 168, 230, 233; wheat fields of Manchuria, 168; its future, 233; export of, 169, 232; Japan and Manchurian wheat, 169
Wheat flour, 258
Wild Silk, 6, 158, 185, 186
Witte, Count de, 52, 65, 196, 197
Women, farm labor, 157
Wool, 183; Japanese demand for, 183
World War, Japan enters it at the demand of Great Britain, 103, 116, 129, 260
Wulungpei, 9
Wu Sankwei, 33
Wutou, 164
Wuyun, 187

Yalu Bridge, 2-3
Yalu forest, 188
Yalu timber, Russian interests in, 192, 196
Yalu Timber Company, 4, 198
Yalu River, description, 1-2, 15; navigation of, 2, 15-16, 245; rafts on, 2; transportation facilities of, 245-6; junks on, 246; character of the stream, 245; its difficulties, 245; as trade route, 245
Yamato hotels, 138
Yangyu (see Lamsdorff-Yangyu Convention)
Yaochienhutun, 10
Yellow Sea, 10, 22, 192, 236
Yentai coal fields, 208-209
Yingkou, first port opened to foreign trade, 17, 243; described, 17-18, 242; in old days, 242; shipping at, 243; trade of, 234, 243; as a port, 243; junk trade of, 243; to-day, 244; mentioned, 290
Yokohama Specie Bank, 112, 255, 276
Yuan Shihkai, Twenty-one Demands, 106, 107
Yuchingkou gold field, 203
Yufang, old-fashioned one described, 223; at Antung, 5-6; number of, 162, 222; story of, 221 seq.; chemical extraction method, 162, 226-227
Yushi, 170

Zaya River, 14

A fine of TWO CENTS will be charg
the book is kept over time.



RANDALL LIBRARY-UNCW
3 0490 0028478 2

HC428
.M3
.A5

Adachi
Manchuria